Daily Report

Latin America

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Colombia, Venezuela, Mexico Sign G-3 Trade Accord

PA2012202294 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 20 Dec 94

[From the "National Newscast"]

[FBIS Translated Text] As of today, Colombia, Venezuela, and Mexico have signed the G-3 Agreement. Acting at a formal ceremony, the presidents of the three nations signed the agreement that as of 1 January opens the door to trade integration while creating one of the largest markets on the continent.

With the signing of the G-3 Agreement, Colombia has taken one of the most important steps for early entrance into the big leagues of world trade.

[Begin Colombian President Ernesto Samper recording] The challenge we have before us in implementing this agreement is, fundamentally, in creating new trade currencies and, very specifically, in creating new export fronts. This process is in the hands of the private sector. It is the private sector that has to fill the space we opened this morning for Colombian exports, so that they may grow in these markets, so that new wealth is generated. [end recording]

Colombia is already thinking about the North American market. This is why President Samper called on all businessmen to not take even one step backward in winning over new markets.

With the signing of this G-3 Agreement, Colombia, Mexico, and Venezuela now comprise one of the strongest trade groups in Latin America. The potential market numbers 136 million people. Each country will compete with the best it has.

Colombian, Mexican, and Venezuelan industrialists will engage in a ferocious battle as of 1 January. More than 10,000 new products will flood the markets of the three nations. Colombia will place special emphasis on the export of apparel, textiles, footwear, and sugar. Mexico's fortes are the petrochemical industry and vehicles, while the battered Venezuelan enterprises will offer steel, iron, and petroleum.

[Begin Colombian Foreign Trade Minister Daniel Mazuera recording] For Colombia, this means access to a very large market. In principle, this is a 90 million-strong market of Mexicans, in addition to the consolidation of integration with Venezuela. [end recording]

Although the signing of this agreement will mean more sales abroad, there are many fears among Colombia exporters about what might happen. Here is what Jorge Ramirez Ocampo, president of the National Association of Exporters, said:

[Begin Ramirez recording] There are a number of limitations. The chances for access to the Mexican market, given the rigorous conditions set on product origin that the Colombian Government accepted in order to enter that market, are really a bit unusual for an international free trade agreement. [end recording]

The trade battle is barely getting started. Industrialists in the three nations who are not prepared to win over new and demanding markets with quality and good prices will go bankrupt and will become victims of the opening.

Integration Disagreements Between Chile, Mercosur Remain

PY2012234794 Montevideo EL OBSERVADOR ECONOMICO in Spanish 8 Dec 94 p 9

[FBIS Translated Text] Diplomatic officials have told EL OBSERVADOR ECONOMICO that Chile and Mercosur [Common Market of the South] have still not resolved their disagreements over the pace of the trade rapprochement process.

Another step was taken this week in the negotiations to establish a free trade zone between Chile and Mercosur. Progress on this issue, however, was not achieved and it was agreed to hold a new meeting to achieve a possible agreement formula.

A draft framework agreement to govern the future relationship between Chile and Mercosur was reviewed. Agreement has been reached enabling new accords to become free trade agreements, with exemptions for sensitive products.

The diplomatic officials noted the reluctance of Mercosur over a quick tariff deregulation which is based on possible damage to Mercosur partners if Chile gains free access into the markets without implementing a common external tariff.

The Mercosur proposal for Chile does not differ from the one for the other South American countries. This proposal involves implementing a straight tariff deregulation system, including 80 percent of exemptions within eight years, followed by an assessment, with the possibility of achieving full exemption within 10 years.

Chile, however, wants total removal of tariff barriers within a six-year period, with a slower pace for sensitive products and a quicker pace for those products that are currently exempted.

In remarks to Chilean journalists, Juan Salazar, the Chilean Foreign Ministry economic relations director, emphatically described as a positive step the presentation of a draft framework agreement.

Salazar said: "During past meetings, the agreement's criteria alone were discussed and now there is a text."

Concerning disagreements over the pace of trade deregulations, Salazar believes the slow progress in the negotiations is due to indecision within Mercosur over its external tariff system.

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Salazar emphasized that Chile has taken the negotiations very calmly. He noted: "We have time and we do not want to rush."

'Text' of Mercosur Joint Communique

PY2112021294 Sao Paulo GAZETA MERCANTIL in Portuguese 19 Dec 94 p 6

[Text of the "joint communique" signed by the presidents of the Common Market of the South, Mercosur, member countries in Ouro Preto on 17 December]

[FBIS Translated Text] 1. Complying with what has been established in Article II of the Asuncion Treaty, the Seventh Meeting of the Common Market Council was held in the town of Ouro Preto, in the Federative Republic of Brazil, on 17 December. The meeting was attended by Argentine President Carlos S. Menem, Brazilian President Itamar Franco, Paraguayan President Juan Carlos Wasmosy, and Uruguayan President Luis Alberto Lacalle Herrera.

2. The presidents noted with satisfaction the presence at the meeting, as special guests, of the representative of the president of the Republic of Bolivia, Foreign Minister Antonio Aranibar, and of Alvaro Garcia, economy minister of the Republic of Chile.

3. They also expressed satisfaction with the progress achieved in the technical meetings held with Bolivia and Chile in the negotiation of free trade agreements between Mercosur and each of those countries. In addition, they confirmed their plans to finish negotiating these agreements before 30 June 1995.

4. The presidents reasserted the consolidation, within Mercosur, of the democratic values they believe essential for the accomplishment of the final objective of the integration process, i.e., the establishment of a common market.

5. They acknowledged progress in the Mercosur integration process, which can be noticed in the substantially increased flow of trade and investment among the member countries. They confirmed their belief that these achievements contribute in a concrete manner to improving the social area by preserving and increasing the level of employment and promoting harmonious development in the region.

6. The presidents noted the important role played by private economic agents and various sectors of the four countries' civilian society in the development of the integration project.

7. They recalled that the Mercosur integration process goes beyond exclusively commercial and economic aspects, and covers an increasing number of areas, such as education, culture, science and technology, justice, environment, physical infrastructure, and communications.

8. They praised the entering into effect on 1 January 1995 of the common external tariff [CET]. They said that its enforcement marks the culmination of the transition period and allows the implementation of a free trade zone, as established in the Asuncion Treaty. They also praised the implementation of the unified customs system, which imparts a new political dimension to the process currently under way.

9. In this regard the presidents emphasized that the integration process is advancing at a suitable pace, which will ensure the fulfillment of the final objective of establishing a common market.

10. They gave emphasis to the Common Market Council's approval of the CET, which is an essential tool to help the Mercosur integration process reach the stage of a unified customs system.

11. The presidents recognized that the establishment of the unified customs system has been a qualitative leap in the implementation of Mercosur, and that it shows the level of maturity of the economic relations enjoyed by the four countries as well as their governments' zealous effort to implement a broad and profound integration project.

12. They emphasized that the unified customs system has confirmed the irreversible and dynamic characteristics of the Mercosur integration process, which has now been strengthened by the adoption of a new institutional profile. This profile is outlined in the "Ouro Preto Protocol," which was signed during the meeting.

13. They also reiterated the openness and inclusive nature of Mercosur, which seeks an ample and competitive integration of the region with external markets. The presidents pointed out the positive aspects of the subregional integration process regarding the dynamics of trade among the member countries and with other countries and international economic groups.

14. They welcomed the beginning of conversations for the establishment of free trade agreements with the other South American countries based on the Montevideo Treaty signed in 1980. They confirmed that these liberalizing initiatives contribute to the efforts to articulate and harmonize the integration process being developed in Latin America, thus strengthening and deepening the traditional ties that bind the countries of the region.

15. They praised the achievements of the Americas Summit, which was held in Miami on 9 and 10 December, particularly the agreement reached on the objective of a hemispheric free trade area, the negotiations for which will culminate in the year 2005. They emphasized that the approved methodology, which calls for a gradual and negotiated harmonization among the various schemes of hemispherical integration, preserves and strengthens the role of Mercosur. In addition, the presidents pointed out that the schedule for the hemispheric initiative is perfectly compatible with the consolidation of the Mercosur process.

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16. They confirmed that relations with the European Union have improved. They acknowledged, with satisfaction, that the European Council decided—during the Essen summit held on 9 and 10 December—to reiterate the objectives outlined in the "Declaration of Principles" and to invite the council and the commission to soon begin negotiations with the Mercosur member countries. They noted with special satisfaction the European Council's decision to negotiate the "Inter-Regional Framework Agreement" with Mercosur.

17. Within the context of strengthening ties between Mercosur and the European Union, they expressed their hope that the ongoing revision of the EU generalized system of preferences might not have adverse effects on accessibility to the European market for export items from Mercosur member countries.

18. They expressed their satisfaction over the signing in Ouro Preto of several agreements and instruments of implementation concerning several aspects of Mercosur operations.

19. They emphasized the significance of the signing of the "Ouro Preto Protocol," an instrument that gives legal status to Mercosur by allowing it to have external representation and the ability to negotiate with third countries or groups of countries. The protocol also creates a new institutional framework for Mercosur by adopting provisions on its main decisionmaking and executive bodies, and by creating channels for airing the desires and aspirations of the various segments of the respective societies. These moves have enhanced the credibility and capacity of Mercosur on the international front.

20. They took note of the approval of national lists of products included in "the system for final adjustment to the customs union," a mechanism whereby an additional period will be given to specific economic sectors from the four countries to undergo retooling and structural changes in order to prepare to meet new standards of competition and competitiveness in the extended market.

21. They congratulated themselves for the completion of the Mercosur Customs Code and its rules of implementation regarding customs clearing, merchandise value for customs purposes, and classification of goods and baggage procedures, which have established the legal bases governing customs procedures in the member states with a view to the implementation of the CET within the context of the customs union.

22. They emphasized the significance of the "Protocol on Precautionary Measures," which was approved at the meeting of Mercosur justice ministers. This protocol is designed primarily to ensure compliance with precautionary measures in any of the four member states, with a view to preventing any irreparable damage affecting individuals, property, or obligations within the framework of court cases in Mercosur.

23. They emphasized the significance of the "Agreement on Multimode Transport" signed among the member states of Mercosur, which will contribute to a more rational and economic use of the various means of transportation in commercial operations within the bloc.

24. They noted the significance of the approval of instruments that will contribute to ensuring conditions for fair competition within Mercosur for economic agents from the four member countries. Within this framework, they also noted a decision by the Common Market Council approving a mechanism regarding public policies affecting conditions of competitiveness within the region; as well as a resolution by the Common Market Group creating a mechanism of implementation for the elimination of non-tariff restrictions, the reconciliation of non-tariff measures, and the decision to establish basic guidelines for a bylaw designed to defend competition within Mercosur.

25. They took note with great satisfaction of the signing on 14 December in Asuncion of the "European Community-Mercosur Cooperation and Technical Assistance Project on Agriculture."

26. They reaffirmed their firm decision to improve and further the integration process in every field by coordinating macroeconomic and sectorial policies among the four countries—namely regarding foreign trade; agriculture; industry; fiscal, monetary, and exchange measures; capital; services; customs; transport and communications; and others on which they may agree upon—in order to ensure adequate conditions for competition among the member states.

27. Finally, the presidents reiterated their conviction that, following the results of the seventh summit of the Common Market Council, Mercosur is equipped with the essential requirements to fully implement the customs union starting on 1 January 1995, which represents a historic framework for the integration process in the hemisphere, and a source of encouragement and inspiration for continuing their common efforts toward achieving economic and social development for their peoples.

Mercosur Rural Associations Sign Accord on Arbitration

PY2112001194 Asuncion ABC COLOR in Spanish 17 Dec 94 p 18

[FBIS Translated Excerpt] An agreement among the various rural associations of Mercosur [Common Market of the South] countries was signed yesterday at the Paraguayan Rural Association (ARP). This agreement will provide a legal framework for the establishment of a private arbitration court to resolve any conflictive issues that might crop up among parties trading within Mercosur.

The agreement signed by the various rural associations seeks ways to quickly resolve any possible problems that

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might crop up in Mercosur trading, including phytosanitary, sanitary, trade and economic issues, or any other issues.

The document was signed by Dr. Enrique Riera from the ARP; economic adviser Marcos Sawaya Jank from the Brazilian Rural Society (SRB) [Sociedade Rural Brasileira], representing SRB president Roberto Rodrigues; engineer Gerardo Garcia Pintos from the Rural Association of Uruguay; and Enrique Crotto from the Argentine Rural Society. [passage omitted]

Mercosur Common Automotive System Schedule Revealed

PY2012155294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1639 GMT 17 Dec 94

[FBIS Translated Text] Ouro Preto, 17 Dec (AFP-NA)—The Mercosur [Common Market of the South] plans to have a common automotive system for Argentina, Brazil, Paraguay, and Uruguay in the year 2000 on the basis of the total liberalization of the inter-zonal trade for the sector's products, a common external tariff, and the elimination of national internal incentives that distort the region's competitiveness, according to the agreements that were signed on 17 December during the Ouro Preto summit.

An ad hoc technical committee will be created in order to comply with this objective and it will have to draft a project by 1 June 1995. Once it has been accepted by the group's Trade Commission, the committee will have to complete the document in order to submit it to the subregional authorities before 1998.

The two-year period between the approval of the common automotive system and its implementation on 1 January 2000 will serve to facilitate the industry's adaption to the new norms.

An export system for parts and fixtures for the terminals and producers of parts, an import system for vehicles, the level of contents within the region, rules for the protection of the environment and for the security of the user, and a transition mechanism for the national systems in adapting to the common system are other points that will have to be contemplated in the project of the ad hoc committee.

Meanwhile, the bilateral Argentine-Brazilian, Brazilian-Uruguayan, and Argentine-Uruguayan agreements will continue to be valid.

According to those agreements, the ratio of the number of vehicles and amount of parts to be traded will be 1.2 to 1 in favor of the Brazilian manufacturers, while the production inputs of the two countries will be considered of national origin. In addition, Argentina will have access to the Brazilian car market of 1,000 cubic centimeters with a special fiscal exemption.

The agreements that Montevideo has with its neighbors allow the free entry into Brazil of 10,000 vehicles per year and to Argentina of 20,000 vehicles per year; this pertains to vehicles manufactured in Uruguay that include or are characterized as having 60 percent domestic automotive parts. Meanwhile, Uruguay allows free imports of up to 3,000 Brazilian and 4,000 Argentine vehicles per year.

Argentina's Cavallo on Mercosur Integration

PY2012163194 Buenos Aires TELAM in Spanish 2110 GMT 17 Dec 94

[FBIS Translated Text] Ouro Preto, Brazil, 17 Dec (TELAM-SNI)—[Argentine] Economy Minister Domingo Cavallo today denied that any problem will emerge with the integration of the Mercosur [Common Market of the South] as a consequence of the various deregulation cycles of the member countries of the regional bloc.

"Quite the contrary: The fact that we have been the first transforms us into types of models of the whole, and it even favors our position with regard to the process of attracting foreign investors," Cavallo said.

During a news conference, Cavallo was very optimistic with regard to the prospects for the Argentine economy in 1995.

"It will be our fourth consecutive year of growth with an 8 percent annual rate and with one of the lowest inflation rates in the world," he stressed.

"In addition, during 1995 families will have access to loans for housing, a long-unheard of event in Argentina," the minister said.

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Cuba

New Convertible Peso Announced

FL2012185494 Havana Radio Reloj Network in Spanish 1502 GMT 20 Dec 94

[FBIS Translated Text] Today's edition of the newspaper GRANMA informs that, as part of the measures of financial restructuring approved by the National Assembly of the People's Government last May, it was decided to implement measures that foster adequate control over the circulation of foreign currency in Cuba, while assuring that they meet the objectives for which they were authorized, in accordance with measures adopted to mend the national finances.

Therefore, the following has been decided: To gradually establish a new type of currency, called the convertible peso, to be used in transactions involving foreign currency at tourism establishments and stores that specifically deal with foreign currency. From now on, these transactions can be carried out in either foreign currency or convertible pesos.

Characteristics of the convertible peso: The different types of foreign currency presently in circulation will gradually be replaced by the convertible peso. Convertible pesos can also be purchased with foreign currency in banks that normally provide this service, and in currency exchange offices. Its exchange rate will be one for one against the U.S. dollar. Workers from industries that yield foreign currency incentives will now receive convertible pesos instead of the foreign currency they have been getting.

The GRANMA article also explains that the convertible peso will not eliminate the circulation or possession of dollars or other foreign currencies. In accordance with Decree-Law 140, foreign currency will still maintain its complete validity.

The article further indicates that foreign currency bills currently circulating will not lose their value or buying power, but that, nevertheless, a period of 60 days beginning today, Tuesday, 20 December, has been established to convert foreign currency into convertible pesos. At the end of this 60-day period, foreign bills will lose their value completely. The GRANMA article also said that the convertible peso will not be exchangeable with the current national currency, the Cuban peso. The convertible peso will have different denominations and will also circulate in coins.

The GRANMA article indicates that this will foster expertise in dealing with foreign currency circulation.

More Details Given

PA2012195594 Havana PRENSA LATINA in Spanish 1750 GMT 20 Dec 94

[FBIS Translated Text] Havana, 20 Dec (PL)—Apprehension at the need to change currencies now in circulation into convertible pesos was quieted today by the official announcement that the new currency introduced today does not exclude the free circulation or possession of dollars.

According to note published today by the daily GRANMA, the new payment measure will be substituted for the various currency certificates now in use. These may be exchanged for national banking system units at a rate of one peso to one U.S. dollar.

Only citizens and foreigners with freely convertible currency can exchange these or the certificates for the convertible peso, since regular Cuban currency cannot be exchanged for the new currency.

It is estimated that one out of every eight Cubans holds these currencies, which they obtain from relatives abroad, using these currencies as payment for certain services or as a stimulus for production, or as tips from the tourism sector.

A recent study of society revealed that most consumers obtain these methods of payment through exchanges on the streets.

As of today, sales in these establishments will be made in dollars or other currencies, in convertible pesos, and, for a 60-day period, in the various certificates available in the country. Once this period, established by the National Bank of Cuba, expires, the currency certificates will no longer have any value.

The convertible peso is part of the measures for financial organization approved by the Cuban parliament in May when it decided to bolster control of currency circulation in the country, thus helping rationalize internal finances.

The Cuban Government ended fiscal 1993 with a $5.05 billion deficit. This was reduced at the end of 1994 to $1.4 billion. This was possible because of the reduction in public spending and increases in tariffs and prices on products like cigarettes, cigars, and alcoholic beverages.

Excess cash in circulation, calculated at almost 12 billion pesos or dollars, according to the official rate of exchange, still needs to be brought under control. In the first six months of 1994, 6 billion of this amount was deposited in savings accounts. Another 2 billion should be collected by the end of the year thanks to the increase in prices of different products and services.

Bill Expected To Boost ANPP Role in Supervising State Activities

PA1712201494 Havana PRENSA LATINA in Spanish 1557 GMT 17 Dec 94

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 17 Dec (PL)—The bill on the organization and operation of the National Assembly of the People's Government [ANPP], which

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the legislative branch will review next week, strengthens the oversight duties of the Cuban parliament.

The document, to which PRENSA LATINA was given access, will be discussed by the deputies starting on 20 December—the date on which the ANPP's fourth regular period of sessions will begin at the convention center in the capital.

If approved by the full session, the bill will consolidate the role of parliament in supervising state activities, as well as in drafting and ratifying laws and agreements adopted by the executive branch.

In addition, it requires all state organizations, including enterprises, legal entities, and individuals in national territory, to cooperate in this important duty.

The law, which has been submitted to the legislators for their approval, outlines the duties of the permanent commissions and states that, to facilitate its fulfillment, they will be able conduct hearings and investigations, visit state and government institutions, and ask for the appropriate information.

The bill legalizes the practice already established over the past few months by the parliamentary commissions in which the various ministers and chiefs of the various state institutions have had to submit reports and answer questions.

Several public hearings were recently held with nongovernment experts to listen to their opinions on important topics in the fields of economics, international relations, and migration, among others.

The bill outlines the rights and responsibilities of the deputies; explains the process that guarantees their immunity according to the provisions of the Constitution; and defines their participation in the constitutional control of laws, decree-laws, decrees, and other provisions.

In this regard, it even contains an efficient and ample procedure to enable the country's citizens to file, on an individual basis, a petition for protection in cases of general violations of constitutional norms.

Permanent ANPP Work Commissions Meet

FL2012015794 Havana Radio Rebelde Network in Spanish 1800 GMT 19 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] The permanent work commissions of the National Assembly of the People's Government [ANPP] began meeting this morning as part of the ANPP's regular session. Deputies are analyzing current activities and projects for the coming year. Reporter Gisela Bel Heredia is at the Convention Center with more details:

[Heredia] The Commission [words indistinct] local organizations were among those to meet this morning. Its president, Tomas Cardenas Garcia, briefly evaluated last year's work:

[Begin recording] [Cardenas] We believe the commission's work in 1994 has been satisfactory.

[Heredia] What about 1995?

[Cardenas] We will make an effort toward efficiency and discipline in the work of the people's government. We will make an effort to analyze and expand the best of the work experiences and to increase legislative participation, especially on those issues that relate to operation of the people's government organizations, such as the... [sentence as heard] [end recording]

[Heredia] The Commission for Defense, which has worked intensively in the area of defense, held a joint meeting with the Commission for Constitutional and Judicial Issues. General Guillermo Rodriguez, president of the Commission for Defense, made the following statements:

[Begin recording] This project is very important taking into account that because of the country's situation and the permanent aggressive activity by our well-known enemy, the country has implemented a series of organizational measures to prepare for the war of all the people, which has not been included in any legislation. [end recording]

ANPP Economist Announces Deficit Reduction

FL2012023094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] Economist Osvaldo Martinez, president of the Commission of Economic Affairs of the National Assembly of the People's Government [ANPP], stated that the 1994 budget deficit reduction exceeded all expectations of reducing it by 72.2 percent when compared with 1993. Martinez added that 1994 ended with a budget deficit of 1.4 million pesos. This amount, however, is less than the 5 million-peso deficit of 1993.

The Commission of Economic Affairs of the ANPP held a meeting to discuss the 1995 budget proposal which will be addressed by deputies participating in the fourth period of ANPP sessions to begin on 20 December in Havana's Convention Center.

The increase in revenues in 1994 came as a result of measures implemented throughout the year to restore national finances.

ANPP Commission Endorses Budget Bill

FL2012231394 Havana Radio Rebelde Network in Spanish 1800 GMT 20 Dec 94

[From the "National Radio News"]

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[FBIS Translated Text] Further on the first session of the National Assembly of the People's Government [ANPP] is as follows: The 1995 budget bill, supported by positive reduction of the budget deficit, was discussed extensively by Osvaldo Martinez, president of the ANPP's Economic Affairs Commission, in a report presented during the opening session of the ANPP.

[Begin Martinez recording] The Economic Affairs Commission is of the opinion that the bill under consideration adequately meets the provisions of the accord approved by the ANPP during its special session of 2 May 1994—to foster financial discipline and correct the domestic financial imbalance, including the budget deficit. These are indispensable elements in strengthening the purchasing power of our national currency, promoting work and production, and gradually making headway toward economic recovery. We therefore recommend to this assembly approval of the 1995 state budget bill. [end recording]

The report on low-cost housing is another issue slated for the first day of ANPP sessions, which are being chaired by Commander in Chief Fidel Castro at the Convention Center.

Deputies Approve Budget

FL2112004994 Havana Radio Reloj Network in Spanish 2032 GMT 20 Dec 94

[FBIS Translated Text] Deputies approved the budget for 1995 during the morning session of the National Assembly of the People's Government [ANPP], which took place on 20 December in Havana's Convention Center with Commander in Chief Fidel Castro in attendance.

ANPP deputies, whose goals are to restore finances, reduce expenses, and put resources to good use, expressed their concerns about budget deficit reduction. Deputy Luis Ernesto Brito pointed out that it is time to evaluate the projects in Cuba that are currently paralyzed, to avoid wasting the investment. Pedro Ross, Cuban Workers Federation [CTC] secretary general, stated that the last CTC meeting addressed the workers' support for implementing a social security contribution, which had been discussed during their efficiency assemblies.

Finance and Price Minister Jose Luis Rodriguez explained to the ANPP deputies different aspects of the 1995 budget proposal, which was unanimously approved. He stated that budget revenue will come primarily from circulation tax (impuesto de circulacion), which includes price increments for nonessential items such as cigarettes and alcoholic beverages.

Rodriguez said that the state is reluctant to constantly raise the prices of some products. A study is therefore underway to decide which products should receive price increases and where. He explained that people are concerned about price increases that are the result of violations in restaurants and other services.

Rodriguez stated that Cuba implements a strict policy on subsidies due to losses and cancellation of old debts. He noted that the state subsidizes several food staples to protect the lower-income sector and added that there will be an increase in the budget for social assistance to benefit that sector.

Deputies also examined revenues and expenses for Cuba in 1995, when there will be a return to normality even though revenues might decrease. Rodriguez stated that there will no longer be any special income from the sale of Basic Cooperative Production Unit equipment.

Finance Minister Addresses ANPP Morning Session

FL2112012894 Havana Radio Rebelde Network in Spanish 1800 GMT 20 Dec 94

[Report by Gisela Bel Heredia at the Convention Center; from the "National Radio News"]

[FBIS Translated Text] In carrying out what could be described as one of its most important functions as the highest legislative body in the government, the National Assembly of the People's Government [ANPP] is today discussing the 1995 state budget bill in the presence and with the intense interest of Commander in Chief Fidel Castro.

Prior to the debates, Finance and Price Minister Jose Luis Rodriguez introduced the issue, highlighting the input from workers, students, and farmers. Rodriguez affirmed that this practice has become widespread, even though much remains to be done by the bodies of the central state administration, where this systematic evaluation process is still not up to par.

[Begin Rodriguez recording] Directly relating to the 1995 state budget bill, we can summarize its main points as follows: An approximate 1.4 million-peso deficit is estimated for 1994, which is 56.9 percent below the projected deficit, and 72 percent less than the 1993 deficit. [end recording]

Rodriguez added that these favorable results had been influenced by the following factors, among others: a 25-percent increase in revenues and the reduction of daily business expenditures. Regarding the reduction of subsidies to cover losses, Rodriguez noted the levels achieved by the Ministries of the basic industries—agriculture, construction, and local people's government organizations, to cite just a few.

[Begin Rodriguez recording] In our opinion, the following deserves special mention: The Revolutionary Armed Forces' management system, which has set an example. [end recording]

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Alarcon, in addition to several other points of order, said that the ANPP will also focus on the centennial of the Wars of Independence, Marti's death, the 90th anniversary of the birth of Alejo Carpentier, and the centennial of the birth of Jose Carlos Mariategui.

Lage, Alarcon Participate in ANPP Sessions

FL2012031594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] On 20 December, the fourth period of sessions of the National Assembly of the People's Government [ANPP] will begin. Carlos Lage, member of the Council of Ministers, and Ricardo Alarcon, president of the ANPP, participated in the commissions' preliminary work sessions.

On 20 December, one of the issues to be analyzed will be the state's proposed 1995 budget. Members of the parliamentary Economic Commission agreed that very important steps had been taken to balance the state's budget during 1994. According to the proposed bill, there are small increases planned in education, health, social services, and science.

[Begin unidentified speaker recording] It is characteristic for the first victims of a budget deficit reduction to be social expenditures recipients, the protection afforded by the state to groups with lower incomes. In our case, there is a large reduction in the state's deficit, but this sector—modestly and within our current limitations—[changes thought] instead of reducing or privatizing or the state abdicating its responsibilities [words indistinct] [end recording]

In the afternoon, a new commission was created to attend to the [word indistinct] development.

Venezuela's Chavez on Importance of Maintaining Rebelliousness

FL1612234094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 16 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] Retired Lieutenant Colonel Hugo Chavez of Venezuela held a news conference at the Jose Marti International Airport in Havana.

Immediately before his departure, the political leader said he felt honored to have been in Cuba and to have met with Fidel. He described his visit as very positive and reaffirmed the principles of Bolivar and Marti that drive the movement he leads.

[Begin recording] [Unidentified reporter] What do you think about Cuba's exclusion from the Summit of the Americas—the summit in Miami, the so-called Summit of the Americas—and the position of President Caldera on Cuba?

[Chavez] I think that President Castro was very clear when he responded: That was not a summit for rebels. This is an island of rebels, and therefore I feel very much at home here, at home with the rebels, and we will continue to be rebels. So, the exclusion of Cuba from this so-called summit in Miami, I think, reaffirms the importance of maintaining principles, and maintaining this rebelliousness. It should be considered a remission by many Latin American leaders who responded to the first call to come unconditionally, looking for solutions where there are none. The solution for the people of our America is in our Latin America, in our own integration. This is our view in respect to the exclusion of Cuba. In excluding Cuba they are simply demonstrating that this is not a democratic summit, because they are excluding the Cuban people, and the Cuban people are Latin American people, Bolivarian people. In any case, the people are excluded. Not just the Cuban people, the people of Venezuela are also excluded from this summit, because President Caldera does not represent the Venezuelan people. President Caldera was elected with some 14 percent of the vote, with a profound illegitimacy, absolute illegitimacy. Almost 70 percent of Venezuelan voters abstained from voting in the presidential election. Is this democracy?

Regarding Caldera's opinions on Cuba's government and people—of course we do not agree. We are aware of other opinions—more privately—that he has expressed-...[pauses] the continental opinion, which wants Cuba to democratize itself. We ask ourselves if the democratic model that Caldera wants for Cuba is the same as in Venezuela. If so, please pay no attention. This is not democracy. [end recording]

Allende on Struggle To Lift U.S. Blockade

PA2012041494 Havana PRENSA LATINA in Spanish 1452 GMT 19 Dec 94

[By Aissa G. Garcia]

[FBIS Translated Text] Havana, 19 Dec (PL)—Acting Foreign Minister Isabel Allende today said the struggle to lift the U.S. blockade against Cuba will remain among the top priorities in Cuba's foreign policy in 1995.

In an interview with PRENSA LATINA, the deputy minister evaluated the most significant moments in that area in 1994 and said the struggle against the blockade will be among the main challenges to Cuba's foreign policy while hostilities exist.

Cuba is a country with potential and a way out, and "it is going to achieve it sooner or later, much faster if they lift the blockade, of course," the diplomat said.

She said another of its priorities will be to present Cuba's actual image to the world, not an idyllic or perfect image—because there is no perfect society, and we all have our problems—but a real image.

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In her judgment, while the image of capitalism is sweetened, the image of Cuba (the only socialist country in the hemisphere) is smeared, "sometimes beginning with the economic difficulties which we are facing and which we do not deny," she added.

Allende described the results of Cuba's foreign policy in 1994 as good and positive. Among these, she spotlighted the overwhelming vote in the UN General Assembly against Washington's economic blockade and the inclusion of the island in the Association of Caribbean States.

Recently, and for the third consecutive year, a UN resolution, approved by 101 votes in favor and two votes (the United States and Israel) against it, condemned Washington's hostilities, an act the acting foreign minister defined as extraordinary.

These are not only the achievements of our country but of international law, the diplomat said. Allende affirmed "truth will prevail in the long run; she is on our side."

She said these moments, including others, are evidence of what its foreign policy tries to demonstrate everyday: that Cuba is not isolated or an anachronism that wanders alone in this world.

According to Allende, the previous statement was demonstrated by the celebration in Havana of the First International Conference on Solidarity With the Island attended by more than 3,000 people from 108 countries.

There is comprehension in the world, and many share and respect what is being done in this nation, Allende said. "That is also important," she added.

Communication Denied Cuban Refugees as 'Punishment'

FL2012225494 Havana Radio Reloj Network in Spanish 2048 GMT 20 Dec 94

[FBIS Translated Text] The U.S. Army has suspended telephone, newspaper, and television service to approximately 2,000 Cuban rafters on military bases in the Canal Zone as punishment for the disturbances of 7 and 8 December. Lieutenant Colonel Mario Valdez stated that the order to suspend service came from the U.S. Southern Command leadership.

Hundreds of Cuban rafters took part in violent incidents at two of the four camps. According to official reports, two died and 249 were injured, including U.S. soldiers. Dozens of Cubans have told the press they are being mistreated by U.S. soldiers. The U.S. Army has admitted that approximately 400 rafters are imprisoned. This is in violation of their human rights.

Robaina Signs Accord With Jordanian Counterpart

PA2112023194 Havana PRENSA LATINA in Spanish 0126 GMT 20 Dec 94

[By Carlos Enriquez]

[FBIS Translated Text] Amman, 19 Dec (PL)—Cuban Foreign Minister Roberto Robaina and Jordanian Minister of State for Foreign Affairs Talal Sat'an Hasan today signed a bilateral economic and scientific-technical cooperation agreement.

According to Cuban delegation sources, the agreement signed at the Foreign Ministry foresees an increase in cooperation, technical assistance, scholarship grants, and bilateral trade. It also provides for the creation of a Cuban-Jordanian joint committee to evaluate the fulfillment of the agreement, for which at least one annual meeting in the two capitals will be held on an alternating basis.

The two ministers praised the signing of the agreement and earnestly hope for a greater expansion of bilateral ties in economic areas in relation to the level of their political relations.

The Cuban Foreign Minister also held a meeting with Industry and Trade Minister Rima Khalaf, the only woman in the cabinet and one of the few women occupying a managerial position in that nation.

Cuban delegate sources stated Khalaf expressed interest during the conversation in the current economic transformation taking place on the island.

She also expressed interest in sending a delegation of public and private sector executives to the island for an on the spot evaluation of real trade possibilities.

Following that meeting, Robaina met with directors of the state-owned phosphate company who gave him a detailed description of its operation, phosphate reserves in Jordan, and characteristics about its production and exportation.

The Cuban foreign minister explained the Cuban economic situation, the changes taking place, and foreign investment and joint venture opportunities.

He also met with directors of the state-owned potassium company to whom he expressed the need in Cuba for potassium and phosphate for use in agricultural fertilizers, which are essential for the sugarcane industry, the use of which guarantees a better sugarcane yield. The Jordanian Government officials, for their part, expressed interest in visiting Cuba so as to study a possible exchange of this product for sugar, among other Cuban articles, with the pertinent organizations.

Meanwhile, the news media of Amman gave prominent coverage to the Cuban foreign minister's visit, his meeting with various Jordanian leaders, and his statements to the media.

Robaina Arrives in Cairo for Official Visit

FL2112142994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Dec 94

[From the "NTV" newscast]

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[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has arrived in Cairo, Egypt, for a visit scheduled to last several days. [words indistinct] among other Egyptian authorities, this is the fifth stage of his visit to the Magreb and the Middle East. Robaina and his Egyptian hosts will analyze aspects of today's world and of the Middle East, as well as bilateral relations. Robaina's trip has taken him to Algeria, Tunisia, Libya, and Jordan, and included as well a short stopover in Rome, where Robaina met with Italian and Vatican authorities.

Almeida, Allende Receive Cypriot Ambassador

FL2012030494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] In a solemn ceremony on 19 December, Juan Almeida, vice president of the Council of State, and Isabel Allende, vice foreign minister, received His Excellency Stavros Orfanou of Cyprus who presented his credentials as extraordinary and plenipotentiary ambassador to Cuba. After the ceremony, Orfanou laid a wreath at the Jose Marti monument in the Plaza de la Revolucion.

Attaches From Several Countries Visit Holguin

FL2012025494 Havana Radio Rebelde Network in Spanish 0000 GMT 20 Dec 94

[From the "Exclusive" program]

[FBIS Translated Text] Military attaches of the diplomatic mission to Cuba are visiting Holguin Province in response to an invitation from Raul Castro, minister of the Revolutionary Armed Forces. The tour through the eastern provinces began on 19 December with a visit to Moa Municipality, which has a population of 71,000, is close to achieving the status of combat readiness in the second phase, and has the world's most abundant nickel reserves.

The group, which includes military delegates of Angola, Mexico, Korea, Russia, China, and Peru, among others, visited the new Guillermo Fernandez Hospital in Moa—called a friend of children and mothers by UNICEF—and observed advances in the health sector in this municipality.

In addition, the delegation placed a wreath at the monument to the guerrilla, toured nickel mints, local industries, learned about the achievements in Moa, and about urban development. The group will spend several days visiting other sites of military, economic, and social relevance in several eastern provinces.

'Foreigners,' Museum Workers Blamed for Artwork Theft

FL2012003194 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] There is no doubt that art traffickers are paying attention to Cuba. It is also known that right-wing individuals living in Florida would like to rescue the paintings and other art they left behind when they left Cuba. There are many willing to pay dollars to thieves for stealing the national cultural patrimony.

Such vile acts have been committed with the help of workers at the Museum of Arts and other cultural institutions, including the national restoration and museum center, the National Library, and the Juan Marinero library. In addition, pictures have been stolen from the Cuban Institute of Cinematographic Arts and Industry, the decorative arts museum, the capitol, La Ferminia restaurant, and other institutions. There were also thefts from houses in Plaza, Cerro, and Playa Municipalities in Havana. Omar Gonzalez, president of the Museum of Art [identified by caption], offered advice to collectors:

[Begin Gonzalez recording] It is important for collectors to label their art, to know it, to have a description, and if possible, to keep a photo of each piece because this is essential in case of theft, helping authorities detect these pieces passing through customs in airports. [end recording]

Foreigners have been behind each theft, sometimes waiting for the art work close to where it was stolen, and frequently with tickets ready to leave the country. Sometimes these individuals who oppose our cultural heritage have even shown interest in fake artwork.

[Begin unidentified director of Museum of Arts recording] Sometimes they reproduce copies —with good technique—of pieces by Ponce, Amelia, or various other masters in high demand, and make money from the fake art, doubly hurting the country's heritage. [end recording]

The police have taken quick action each time, with the help of the Ministry of Culture and Customs. There are foreign citizens among the 34 detained for attempting to pilfer the national patrimony, which Cuba will not negotiate.

More on Deficit Cuts in 1994, 1995 Budgets

FL2012164894 Havana Radio Rebelde Network in Spanish 1000 GMT 20 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] Osvaldo Martinez, a prominent economist, stated that the execution of 1994's national budget exceeded all expectations in reducing the deficit by 72 percent in relation to the year before. Martinez, who chairs the Commission for Economic Affairs of the National Assembly of the People's Government [ANPP], added that even though 1994 ends with a 1.4-billion-peso deficit, it is much lower than 1993's 5-billion-peso deficit. The Commission for Economic Affairs met last night as well as on 13 and 14 December

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to analyze the draft of the 1995 budget which should be reviewed and approved by the deputies at the fourth period of the ANPP sessions, begining today in Havana.

Osvaldo Martinez described the results as significant and attributed them to the 25 percent growth in income, the 40 percent reduction in subsidies, and the payment of 85 percent of pending accounts compared to the situation at the close of 1993. The income growth was in response to measures implemented during the year in order to restructure the internal finances. The draft proposal for next year's budget seeks to reduce the deficit to 1 billion pesos, maintaining the positive tendency observed in 1994.

Report Reviews Economic Reforms During 1994

PA1912123894 Havana PRENSA LATINA in Spanish 1102 GMT 17 Dec 94

[Report by Aissa G. Garcia: "Changes, Yes, But Within Socialism"]

[FBIS Translated Text] Havana—The year 1994 will go into Cuban history as a sui generis period, considering Cuba engaged on a process of reforms necessary for adapting itself to a changing world despite its difficult economic situation and the U.S. blockade.

Foreign Minister Roberto Robaina said recently we will continue making transformations at the tempo and intensity as determined by Cubans as it best befits the country.

In the midst of serious, economic difficulties, Cuba embarked on a process of economic reforms Finance and Prices Minister Jose Luis Rodriguez has described as "a coherent and unrenounceable policy of openings" that does not represent a road toward capitalism.

The disappearance of the socialist bloc, with which Havana maintained more than 85 percent of its trade, and the intensification of the U.S. blockade have abruptly placed Cuba in the most grave and complex moment of its life as an independent nation.

Cuba began changing its development priorities in order to prepare the country to function with a sensible reduction in import items.

The reforms began, basically, with the depenalization of the possession of foreign exchange, which in circumstances of extreme shortage and lack of liquidity permitted the acquisition of a significant part of the hard currency that, objectively speaking, existed in the economy according to economist Alfonso Casanova.

More than 2.6 million hectares of state land were given free later on to workers organized in cooperatives, and a new tax law was implemented.

The price of fuel and transportation, among other services, was increased in the framework of price related measures aimed at cleansing internal finances, and certain free services were eliminated.

These steps were followed by others, such as self-employment, an important source of employment that implies an increase in supplies and services to the local people.

Cuba is now working on its labor and salary legislation so as to adapt it to current and future conditions, it has been announced.

There was a fiscal deficit at the end of 1993 of 4.6 billion pesos and a liquidity excess of more than 11 billion pesos, the same amount in dollars at the official exchange rate.

Despite these points, modifications in the past few months aimed at reestablishing necessary equilibrium in internal finances indicate a positive trend "although it would be premature to characterize it as a definite trend," Vice President Carlos Lage has said.

Juan Triana, an economist, has told PRENSA LATINA these measures have produced a reduction of more than 10 percent of the total money and a reduction of more than 25 percent of the real (in the hands of the people) amount in circulation.

This is a significant achievement according to this expert, because "the loss of value of the Cuban peso with regard to the dollar has been reversed, and the inflationary trend has been checked."

Nevertheless, Triana has said, "there should be no false expectations, because these changes have taken place in the financial and monetary fields and will not have a direct or quick effect on production."

To the joy of Cubans, this reformist step was followed on 1 October by the opening of the agricultural and livestock markets and by the opening two months later of the artisan and industrial markets, which function based on the laws of supply and demand.

Triana believes these businesses represent a successful experience, because they constitute "an alternate offer as well as space for the national currency, with a marked impact on the attitude of the people who now appear more willing to work."

Cuba is organizing and simplifying its central state apparatus, giving more authority and responsibilities to businessmen for the administration of businesses and for having access to foreign trade.

The modifications have been not only domestic bound; many have been directed abroad due to the need to seek new markets for export products.

Cuba maintains ties with more than 3,000 foreign firms in 98 countries on the five continents, and around 400 businesses, financial representations, and consignment warehouses, among others, are established on the island.

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Lage himself has announced a new law on foreign investments is being drafted at this moment to further facilitate this process and "to offer investors clearer conditions and securities."

One of the most stunning announcements involving the economic opening is that no production sector will be excluded from now on from the foreign capital investment opening, not even the sugar sector, Cuba's main export sector.

According to Lage, the steps being taken for the nation's economic recovery, steps which are viewed here as most important, form part of "an integral concept and are not isolated measures."

We are not offering (investors) a transition to capitalism or hasty measures, the Cuba vice president said at the inauguration of Havana's 12th International Fair.

Alfonso Casanova, the economist, said at the end of 1994: "We are at the conclusion of the depressive phase of this year's economic cycle. He added: We implemented an administration program with a fair degree of success from 1990 to 1993.

Juan Triana believes the changes have been successful, are very good, even incredibly good. "Perhaps other changes could have also been made, and some did not have to be made, but this point would be difficult to determine, because we are talking about the recent past."

Along with the economic opening, Cuba assumed new foreign policy challenges and expressed its disposition to join the Tlaltelolco Treaty against the proliferation of nuclear weapons in Latin America and the Caribbean.

Cuba also joined the Association of Caribbean States and participated in the Fourth Summit of Ibero-American Chiefs of State in the Colombian Caribbean city of Cartagena de Indias, where Cuba's leader, Fidel Castro, once again condemned the U.S. blockade against his country.

The UN high commissioner for human rights, Jose Ayala Lasso, arrived in Cuba at the end of this year. This UN official engaged in an intense activity of meetings with a broad spectrum of personalities and members of Cuba's society. Cuba reiterated its willingness on that occasion to cooperate with the United Nations in the field of human rights.

Meanwhile, new people were promoted around the middle of the year to occupy the posts of first secretary and head of government in almost 50 percent of the country's provinces in a process of changes the Cuban foreign minister has described as normal.

The promotion of young people to those posts was the result of a process synonymous with the meaning of revolution, which we have been defending for more than 30 years: permanent changes and the capability to adapt to new circumstances, Robaina told PRENSA LATINA on that occasion.

In this regard, the second secretary of the Communist Party of Cuba, Raul Castro, considered it an error to keep a cadre too long in the same post and said five years should be the limit for keeping municipal or provincial level leaders in the same post.

The conference on the nation and emigration took place in Havana around the middle of April and was aimed at consolidating the route initiated in 1978 to normalize relations between Cuba and a good part of the emigrant community, the part that respects the island's right to its self-determination.

Along that line, the Foreign Ministry made known several steps to facilitate family reunions. The steps include migration. Emigrants who live in the United States can also benefit from these steps.

There were also public meetings in the Cuban parliament during which issues related to migration, for example, were discussed.

The Cuba of 1994 was a dynamic one, with many changes taking place, the first of which occurred more than three decades ago, with the triumph of the revolution. Cuban experts agree that people abroad talk about a stagnant country despite what is happening, because the truth is "what is wanted is a change of system."

APPP Examines Agricultural, Deficit Issues

FL1912184994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] Socioeconomic issues were discussed during the fourth ordinary session of the Provincial Assembly of the Peoples Government [APPP] in Havana. Food production was one of the main issues discussed due to the tense situation [tensa situacion] in Havana this year. It was dtermined that despite the opening of farmers markets, quotas could only be met by increasing state production. The need to farm all cultivatable land in the province was stressed, and plans to continue expanding organic farms and fish breeding ponds were announced. The opening of 10 restaurants with the new experience of workers' participation in administration and earnings was announced as one measure to improve the food service industry. It was reported that Havana's budget deficit has been reduced and that the city has succeeded in achieving a balance of 271 million pesos. Finance Minister Jose Luis Rodriguez made a special announcement saying that economic conscientiousness had been demonstrated at the most basic levels and affirming that some sectors show signs of recovery. Havana APPP President Conrado Martinez Corona congratulated Havana residents on their efforts in 1994.

Results of Economic Reforms Detailed

95CA0055A Mexico City PROCESO in Spanish No 493, 28 Nov 94 pp 54-59

[Article by Homero Campa]

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[FBIS Translated Text] Havana—Suddenly people are bewildered. There are no more dollars, and the ones circulating in the streets are quickly losing their value: From 100 Cuban pesos to the dollar in October the rate fell to 40 pesos during the first week of November and by mid-month stood at 35.

Whereas for years in Cuba the dollar was as sought after as it was outlawed and in recent months practically dominated the domestic economy, overnight Cubans have rejected it. They would now rather make the simplest transaction in Cuban pesos, even if it involves merely a pound of rice or imported shoes. No one wants dollars, and in the wake of its steep fall everyone wants to exchange them for the worn out, old Cuban pesos.

The reason: the financial belt-tightening or "minishock" that Fidel Castro's government implemented, which in just a few months has managed to stem inflation and bolster the value of the peso.

Starting in July the Cuban authorities took a series of measures to reduce the excess currency in circulation, estimated at over 12 billion pesos, and a budget deficit of more than 4.5 billion.

First the government enacted a tax law that will gradually apply to everything: property, income, services, sales, and products. It also boosted public services and utility rates: electricity, water, sewerage, tolls, etc.

It then hiked the prices of certain secondary consumer items that it distributes through the Ration Book, such as rum and cigarettes, and began charging "gratuities" for complementary services in health care, education, sports, and entertainment.

Finally, it authorized direct sales of foodstuffs and consumer durables at uncontrolled prices.

What happened was that after the rafters crisis Fidel Castro's government partially freed up sectors of what until recently was its exclusive domain: the domestic market.

Unable to meet the demand for basic goods, the government gave the lead back to various producers and service providers. It did so partially and gradually. Thus, it authorized an Agricultural Market and an Industrial and Handicrafts Market to sell "surplus output," launched an "experiment" whereby cooperatives will run the transit system, and allowed in foreign capital to deliver direct services to the population.

These measures represented a reprieve for Cubans, who had just lived through the stormy episode of the rafters. It was clear to them that the island's deep economic crisis was at the bottom of this situation. Something had to be done on the home front.

"The measures taken to stimulate production do not represent a renunciation of the planned economy," Carlos Lage, the executive secretary of the Council of Ministers, stated categorically.

"We have added these market mechanisms to our economic system," he asserted, "and we believe that they could be a useful complement in coping with the current situation."

Juan Carlos Frometa is a typical "jinetero" [money changer]: He buttonholes foreign and Cuban tourists and changes their dollars into pesos. He moves between the Riviera, Presidente, and El Morro hotels. Every day he used to exchange between 30 and 50 dollars. He lived comfortably well off that. He provided for his family and even had enough money left over to give some to his mother and younger brother.

Now, however, after the drop in the dollar, "my business is screwed." In July he had no problem selling the pesos that his customers wanted. He exchanged at a rate as high as 120 pesos to the dollar. Now he has a hard time getting pesos. He has to take his bicycle and go looking for them in various places and from different "partners." The profits "are not what they used to be," he complains. Whereas he used to get 1,000 pesos for $10, now he receives barely 250.

Why is this happening?

Juan Triana, the assistant director of the Center for Studies on the Cuban Economy (CEEC) at the University of Havana, explains:

"At the moment people's expectations favor the national currency more than the dollar. It has to do with the agricultural, handicrafts, and industrial markets; with the increase in prices and public-service rates, which forces people to have pesos to pay for them, and with the real decline in currency in circulation."

The combination of all these factors, he asserts, exerted rapid, systematic downward pressure. There were weeks when the dollar dropped two percent a day vis-a-vis the peso, and though it seems unbelievable, this happened at the most trying time for Cuba: when the raft people had their exodus and President Clinton decided to ban the sending of money to relatives on the island.

He explains: "The package of measures to balance finances worked. The State collected 1.3 billion pesos between July and October from higher rum and cigarette prices alone. This reduced the excess currency in circulation by 10 percent."

Moreover, "if we bear in mind that 60 percent of this excess is not on the streets but rather in savings accounts, the contraction was 25 percent. This obviously had an impact in making the peso more valuable."

Now then, 70 percent of the excess money in circulation is concentrated in around 10 percent of Cuban families.

Such inequality slows the circulation of Cuban pesos and makes them more expensive. "It is less likely that 1 person will spend 10 million pesos than that 10 persons will spend 1 million. The impact on consumption is less," Triana emphasizes.

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In the assistant director's judgment, "the opening up of markets created a space for the national currency that had theretofore not existed. In these markets Cubans can buy items that the State does not guarantee. Prices are high, which reduces money in circulation. And at the same time people are led to assume that Cuban money does have value."

Triana also says that a new development is taking place now. Money, which used to be spent carelessly because the Ration Book guaranteed products at low prices, is now being saved as a precaution against potentially tight money later. Then, the gradual liberalization of the economy creates the possibility of a money market. Money can now be invested in a private business. That was not possible before."

"How can it be that the value of the dollar has dropped, instead of rising, if fewer dollars have entered the country?"

"There has been a decline in the number of dollars. The production of sugar (the main export) fell; fewer tourists entered during the raft people crisis, and remittances of money from families in Florida were suspended. But the number of circulating dollars declined less than the number of pesos in circulation. Dollars that people held onto when there were remittances are probably circulating today, because people are getting rid of them to own more pesos."

Carlos Lage, the mastermind and manager of Cuban economic policy, asserted on 30 October that "the revaluation of the peso is a positive result of the measures taken, but we must wait a while longer to describe this as a definitive result." He cautioned that "the supply of products for the population must expand" for this to happen.

Later, on 9 November Lage asserted that "our essential problems involve resources, not forms of trade.... The market can play a role, but if there is no production and supply, there will never be low prices, and what would most help the agricultural, industrial, and services markets is, for example, a recovery in the sugar harvest and in export items."

As far as Carlos Lage is concerned, the revaluation of the peso does not mean that the island is experiencing an economic upturn: "We cannot speak of a recovery in the Cuban economy. We are not in such a situation and we must say so honestly."

As an example he cited the sugar harvest, which did not exceed four million tons this year, the smallest in the history of the Revolution. "This," he added, "has deprived us of major amounts of funds, which hinders the development of this industry and others."

Hit hard by the food shortage and tight supply of consumer durables (shoes, clothing, furniture, etc.), with high prices in an illegal market, and with a rising real rate of unemployment, the Cuban Government launched the Agricultural, Handicrafts, and Industrial markets.

They represent a system for the purchase and sale of basic items in accordance with the laws of supply and demand. In capitalist fashion, producers (be they peasant farmers, craftsmen, or government employees) set their prices, and the State oversees commercial transactions. A total of 147 agricultural marketplaces are now operating all over the island, and as of 1 December the same number will be open for durable goods.

However, the items sold here are merely the "surplus" from the agricultural and industrial output contracted for by the State. Sellers must therefore first meet the quotas ordered by the State at a government-set price.

In the case of the Agricultural Market, a joint resolution of the ministries of agriculture and domestic trade also prevents the unfettered sale of the following products: beef, horse meat, mule meat, and donkey meat, fresh milk, coffee, tobacco, and cacao, as well as their derivatives. In addition, rice from the rice complexes may not be sold, as "all of it will be bought under contract by the State."

Under the decree that created this market, its workings are flexible: "Neither bureaucratic regulations nor formalities that might hamper its operation were established. Only an administrator was appointed, and he is empowered to hire the staff that he thinks he ought to have." The administrator rents the stalls at prices that he and the sellers negotiate.

The independent craftsmen and workers will sell their merchandise at the Handicrafts and Industrial Market alongside the government-run enterprises, which will offer only "their surplus output, idle inventories, and secondary production lines." The decree defines the latter as items manufactured using scrap and waste from basic and auxiliary production lines, their by-products, and some proportion of complementary raw material.

These items used to be manufactured so as to make maximum use of the production capacity of state-run enterprises. They were distributed, however, through the Ration Book and under contracts between state-run companies.

However, the firms attached to the government must first meet their commitments "to assure economic, social, defense, and export-fund activities"; in other words, before selling on this new market they must deliver to the State the quotas agreed upon with it.

The decree emphasizes that "the individuals or corporations" that enter this market may opt to sell items to the established enterprise, sell them on consignment, or rent a space or other services for direct sales.

Each market has inspectors who will collect taxes, ensure order and cleanliness, and see to it that contracts are not broken. Moreover, these sales centers have to defray

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their own expenses, and their employees will receive two percent of the profit they make.

At the Four Roads Consolidated Market in downtown Havana, hundreds of people have been waiting in line since early morning to get in. The items in heaviest demand are pork, bananas, and rice.

Prices are low in comparison to the black market but far higher than on the official one.

Caridad Villar, a clerk with the National Bank of Cuba, haggles over the price of rabbit meat with a new vendor. Wearing a scarf on her head and carrying an errand bag, she gesticulates and asks why the price is so high: 160 pesos apiece.

She then complains: "The only bad thing about this is that I can't afford all I need. On a salary like mine, 165 pesos, you can't even buy 10 pounds of rice."

In answer to a question from PROCESO, Cuba's minister of agriculture, Alfredo Jordan, said that the Agricultural Market "will significantly spur food production and provide revenues for the State," which are insufficient at present to meet the need for fertilizers, seeds, machinery, and irrigation equipment.

He acknowledged that "this measure is not a magic formula for boosting output"; he hopes to "eradicate the black market, to promote production surpluses," to give "the people choices," and "to use all of the land that is not being tilled today."

Until now Cubans could buy farm products only with their Ration Books, at stores that accept dollars, or on the thriving black market. With the Ration Book each family "had a guaranteed minimum supply," but given the severe food shortage most people made illicit purchases, risking criminal penalties for both sellers and buyers.

"We will keep the Ration Book for low-income people, who will receive the same allowance as now," Jordan added.

The minister of domestic trade, Manuel Vila Sosa, asserted that the Agricultural Market is "practically consolidated and well on its way." And he cited a significant figure: daily sales total 4.7 billion pesos, and 70 percent of the vendors are independent peasant farmers.

They call it "the experiment." It has been going on for almost two months and, in the words of the people conducting it, it is very successful: "It is a revolution in Cuban transportation"; "we should have done it a long time ago"; "now, let's see whether we can extend it throughout the island."

Since 1 October five bus terminals have been conducting "the experiment" in Havana. The driver and fare collector are given complete responsibility for the vehicle. The State retains ownership, however. Under this lease agreement of a sort the driver pays the State a fee and keeps whatever he makes above that.

As the idea spreads, transportation cooperatives are planned for intercity and interprovince service, but always under the control and oversight of the State.

Whereas drivers used to earn 1.85 pesos an hour, they now make 2.52 pesos an hour. The monthly difference is 480 pesos.

Before October, if a driver was not at work, either because his bus was damaged or because he fell sick or because he decided to stay home, he made the same wage. Now if he does not work, he does not earn a single cent.

He used to have no incentive to bring in more than a minimum daily revenue of 800 pesos for the enterprise. Now he receives any surplus.

Moreover, as the "experiment" proceeds, all indications are that in the not too distant future taxicabs and buses can be leased to drivers so that they can decide on their own routes and set their own fares.

So far, the "experiment" is going on at the terminals in the Playa, La Vibora, and Alamar municipalities and at the Julio Antonio Echeverria Polytechnical Studies Center. These terminals serve many routes in densely populated sections of the Cuban capital. The first experiments were conducted, early in the year, in the eastern city of Camaguey, where they were welcomed by the people.

During these four years of the "Special Period" transportation services have been cut in half. In 1989 there were 2,614 buses operating in Havana; they were able to make 28,000 trips a day and carry more than three million persons. By December 1993, 1,240 buses were making 10,000 trips a day and carrying a million and a half people.

There is no way to hide the long lines of Cubans at bus stops, the thousands of pedestrians, and the hundreds on bicycles (there are a million in Havana), not to mention the many others who do not bother to leave home. Still others, discouraged by the long hours of wait, try to hitch rides.

In 1994, after donated buses arrived (from Spain, Germany, Canada, and Holland), more oil began flowing in, and the public transit system was overhauled, Cuba began to see some slight improvement.

One of Cuba's innovations was the start-up of the so-called Metrobus. Some thirty meters long, it looks like a set of three attached buses and consists of a heavy-truck cab pulling a huge trailer.

The Metrobus has a fixed route that avoids very narrow streets and tight curves. Its official capacity is 320 passengers, but in practice it carries close to 500.

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To gain experience, Luis Jorge Hernandez, the assistant technical director of transportation in Havana Province, went to Guadalajara, Mexico. There he saw how the Jalisco Bus Alliance was organized. He took back some pointers with him and applied them to public transport in Havana.

So far, Hernandez remarks, the results have been positive: The number of trips has risen from 300 to almost 500 per bus a day; the vehicles now get 2 kilometers per liter of fuel instead of 1.35, and revenues are up from 34 to 40 pesos per trip (the fare is 10 centavos per person).

Antonio Miranda, the manager of the Bus Terminal in La Vibora Municipality in Havana, is enthusiastic: "What we are doing is going to revolutionize the transportation system. It is going to create a new mind-set among the drivers, and this way we are going to get rid of one of our biggest headaches."

Miranda, 31, says that he has "done a little bit of everything in life," adding that in less than a year he has lowered the cost of production at his terminal: "A year ago the cost per peso of output was 1.08 pesos. Today, I can say without arrogance, it is 30 centavos per peso invested."

Moreover, he indicates, absenteeism is down: "Since people felt that their income could not ensure them a minimum subsistence, they looked for another job. Today, only one of my 50 drivers has decided to leave."

Several of the drivers questioned by PROCESO expressed enthusiasm about the new system. Some felt that under it you "felt like working and could have a few more pesos in your pocket." Others felt that their work is very self-sacrificing and that their pay was not "proportional to our dedication" and precisely at a time when "everything is expensive."

According to Antonio Miranda, the Transportation Ministry is looking into the possibility of giving greater autonomy to the administrators of bus terminals. He feels that in "the not too distant future" they will have a hardware store in which to buy parts and a warehouse from which to distribute tires, all without the direct involvement of the State. In the meantime, Fidel Castro's government is retaining direct control over the sale of fuel, spare parts, and the resources used in the physical upkeep of the terminals.

Cubans will have to start paying taxes on housing, personal income, sales, goods, and public services, among other things, in 1995.

Accustomed to not paying taxes for more than three decades, Cubans today are awaiting the enforcement of a new Tax System Law. It calls for contributions to the treasury in the areas of social security, tolls, transportation services, commercial advertising and publicity in public spaces, the conveyance of assets, documents, and the use of labor.

According to the government, the law will complement the measures aimed at balancing internal finances, such as higher prices for certain goods, "gratuities" for educational, health-care, and recreational services, and higher public-utility rates.

The State expects to take in 100 million pesos a year just by charging fees for water and sewerage service, which became effective as of this month.

The Cuban Government abolished most taxes in 1960. Cubans have grown used to paying only small fines for infractions, minimal dues to their union or to the Communist Party (and only members, for that matter), and nominal water, power, and telephone bills.

To many Cubans, taxes were "for capitalist countries" and incompatible with the socialist system. "We know that this measure will not be welcomed unanimously by the people, but it is an important step in putting our finances in order. Taxes must be seen in terms of their regulatory not just revenue-raising function," said Cuban Deputy Acela Diaz, who took part in congressional debates on the issue.

Although the law does not levy taxes on wages, Diaz emphasized that "our fellow countrymen may very possibly not care too much for other taxes like the ones on land transport, public utilities, and the use of certain documents."

During the initial debates on the tax law several workers' representatives underscored their desire that "for the time being" wages not be taxed, inasmuch as under current circumstances salaries cannot "have more taken out of them than is already the case."

Finance Minister Jose Luis Rodriguez said that the taxes "are not a penalty against the citizenry; they are levies that we must all pay to the State in one amount or another to defray in solidarity the expenses that it incurs."

The finance minister listed the new taxes that the law creates: on the profits of economic agencies, on personal income (not on wages), on sales, on goods ("except essentials"), on the use of labor, on the use and development of natural resources, on road vehicles, and on commercial advertisements and publicity.

It also includes taxes on farm cooperatives as a function of their output, on enterprises with foreign capital, on public documents, on the conveyance of assets and inheritances, on land transport, and on overseas airport departures.

The finance minister acknowledged that as regards taxes on social security, "we should reflect on the budget that is earmarked for this." He reported that the deficit in this area rose from 527 million pesos in 1993 to 568 million this year.

Rodriguez emphasized that taxes "are not sufficient, are not pleasant, and require a high degree of understanding." He also indicated that "the lack of a tax culture makes the enforcement of this measure especially complex."

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Cuban workers have not paid taxes on their wage income since 1967, when they contributed 11 percent of their wages and salaries.

The man in the street is complaining, however, because the shortage of foodstuffs and basic services, power cuts, and inadequate public transport are now being compounded by new taxes without higher wages.

Workers earn an average of 200 pesos. But a pound of rice costs 40 pesos, a pound of sugar 10, an avocado 30, and a kilo of potatoes 50, in all cases on the black market because they are practically unavailable on the official market.

According to estimates by the National News Agency (AIN), under the new Tax System Law Cubans will have to shell out an average of 11 pesos a month.

Carlos Lage spoke bluntly about workers' wages: "We have decided to postpone the goal of wage reform until we are sure that internal finances are in balance. It will come later and in the neediest sectors."

Wages, UBPC Unions Viewed

95CA0048B Havana TRABAJADORES in Spanish 7 Nov 94 p 2

[Editorial: "Unions in the Basic Cooperative Production Units"]

[FBIS Translated Text] The cooperativization of Cuban agriculture on a grand scale has revolutionized an infinite number of concepts. Above all, it is demanding a change in behavior, methods, and styles of work and thinking that must be evidenced in the actions carried out by all of the links in society involved in the cooperative experience. The CTC [Cuban Workers Federation], and in particular the sugar and agricultural trade unions, have to perfect and develop their specific methods and the content of their activity as speedily as possible. This must be done within a different kind of trade-union section, in which the methods and projections have very little to do with those of earlier eras. An understanding of the fact that with the exception of the land, which has been turned over to the UBPC [Basic Cooperative Production Units] in usufruct, everything has been placed in the hands of the cooperativized workers, who are no longer wage earners, but the new socialist owners, is of basic importance. Within the cooperative, the trade union continues to serve its basic function—defending the interests of the workers, while at the same time ensuring that there is no contradiction whatsoever between the rights of the members and the full benefits due society. The harmonious relationship between social interests and the advantages to the cooperative workers is expressed in a very simple manner—the achievement of maximum production at the least possible cost, in order to obtain higher earnings and thus to distribute more profits.

However, the changes in thinking and the type of actions required by the new form of organization are not such a simple matter. It appears that, on occasion, certain questions are postponed for no real reason; directors and trustees in some bureaucratic structures cling to their former prerogatives; and the fact that certain administrative methods are obsolete and the need for an eminently creative and transforming attitude are being ignored. The trade movement as a whole, and the sugar and agricultural unions in particular, must wage a relentless struggle against the bureaucratic mediocrity that cannot understand the revolutionary significance of the cooperative development, given the conditions under which Cuba today is battling to survive and to adapt its economy to the demands of the real world in which it is our lot to live.

The members of the trade-union movement must be transformed into veritable shock troops for the defense and implementation of the basic principles of cooperativization. As set forth by the political bureau of our party, they call for the assignment of the individual to his sector, for autonomy and self-financing, for attention to human concerns, expressed mainly in the construction of housing and the development of self-sufficiency in food, along with the just distribution of the profits obtained in the course of productive and economic management. The trade-union movement must wholeheartedly defend the understanding that these principles are absolutely interrelated, and that any interpretation seeking to oppose one to the other is false.

The trade-union leaders must do battle against impatience and must be intransigent in dealing with delay, laziness, and the whole rosary of pretexts and justifications used by some officials in the sugarcane and other crop sectors in carrying out their assigned tasks in connection with the cooperative transformation.

First of all, a battle must be waged for the principle of assignment of the individual to his sector. This is the factor on which the quality of the application of the other principles depends.

Unfortunately, it has been necessary to persuade many people that the creation of the UBPC alone will not bring about the miracle of assigning each individual to his sector. These people have clung to egalitarian philosophies or hackneyed theories about the specialization of labor, resulting in their refusal to lift a finger to implement this basic principle.

Simply because of this kind of thinking and action, there are a number of sites at which the workers cannot see any difference at all between the disorganized and unproductive work of their former farms and what is actually being done in the supposed cooperative that has recently been established.

We believe that there is no cooperative in which the worker does not feel truly and effectively assigned to a clearly defined sector, to specific production, so that his

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specific personal contribution can be measured, and so that he can make an effort to achieve a differentiated income as a part of the profit the UBPC can earn and distribute. The differences in income are as natural as the fact that the workers also differ among themselves, having assorted skills, varying physical capacities, and dissimilar components of determination and labor awareness.

On the other hand, assignment to the sector, thus conceived and executed, encourages the participation of the family, whose members are interested in helping the worker to achieve the best possible results. We can see that vanguard cooperatives that have really achieved the assignment of workers to their sectors are to be found in all of the agricultural production sectors, without exception.

Even the farms organized in the cane-growing UBPC's—small areas assigned to a limited group of cooperative workers bound together by effective links and common interests—are developing into promising small cane-growing "colonies" within the UBPC's. And yet, as a result, there is no indication of any trend toward desocialization, or of any difficulty in obtaining or providing collective aid whenever it is needed to focus the labor force on a given task.

As can be noted at any efficient assembly, the workers are in accord with the full application of the principle of assignment of the individual to a given sector. However, they realize perfectly well that this measure urgently requires improved allocations of teams of oxen, a crucial process characterized by astonishing slowness in a large number of the country's areas.

The trade unions must exert all the pressure of which they are capable to ensure an increase in the rate at which oxen are assigned to the cooperatives, because each team multiplies the productivity of one man in basic agricultural tasks by at least 10.

And at the same time, the unions must exert pressure to ensure that solutions are found for the problems of feeding these animals, equipping the teams, and preparing and cultivating the land when animal traction is used.

We must modernize our ways of thinking and acting so as to give free rein to the new formulas that will unleash the productive capacity of the workers in the Cuban rural sector and facilitate their own search for and discovery of these formulas.

It is necessary to ensure that the farm workers—the cane growers; the livestock breeders; those who cultivate various crops, including rice; those who work beneath the sun and cloudless skies, defying the rain and the mud and all of the other rigors of the rural sector—can truly hope for higher incomes and incentives. We must have absolutely no fear about how high this income could rise, if it is based on real labor and production results.

The trade unions, the union sections in the cooperatives, must struggle, even under today's circumstances, to achieve a constant improvement in the standard of living of the workers in the rural sector—above all, wherever serious work is being done to promote the basic principles of cooperativization. We must proceed to find solutions for the most urgent clothing and footwear needs. We must tirelessly promote the construction and repair of housing. We must ensure the availability of a high level of nutrition for the workers in the rural sector as speedily as possible, because it is they who are the guarantors of food for the people as a whole, and they represent the most solid support for the development of the national economy.

Cement Exports to Ecuador Reported

95P20287A

[FBIS Editorial Report] Quito EL COMERCIO in Spanish on 17 November on page E1 reports that Cuba has delivered 6,600 tons of cement to the port of Esmeraldas. The Mexican Cement Corporation handled the transaction, the article reports. The cement was sold below the "official value" of 10,020 sucres per bag.

Reorganization Improves Bus Service

95CA0048A Havana TRABAJADORES in Spanish 7 Nov 94 p 9

[Article by Iliana Hautrive]

[FBIS Translated Text] The bus was quite clean. It arrived after a wait of 25 minutes. The crew was in uniform, and neither the driver nor the conductors got off to obtain food or to talk with friends. Fares were collected properly, and the personnel saw to proper discipline among the passengers getting on. Care was taken to maintain order within the vehicle.

As an anonymous observer, I noted these details as we traveled along Route 12 toward the Diezmero Terminal in the capital. This collective, which operates Routes 10, 12, 108, and 128, is, like many others in the country, implementing a new organization plan for labor and wages. It is designed to develop an increase in the number of trips and a higher level of income from fares.

On reaching my destination, I identified myself to workers who proved to be Alcibiades Avila, a driver with 16 years of service at the terminal, Estelvina Veloz, and Mairis Urguelles.

Like all the workers there, they are assigned to a single vehicle, and they agreed that the system being put into practice provides an incentive for providing better service, since the workers' income depends wholly on individual performance. Put in another way, if they do not work, for whatever reason, their wages are affected,

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but to the extent that they overfulfill the assigned fare-collection plan, they earn more.

Other workers joined the conversation. Noel Sarduy, who has worked at the terminal for 14 years, objected to the suggestion that his bus could hold more than 92 individuals (both seated and standing), because "we would thereby be affecting the useful life of a fleet whose life has already been greatly reduced."

Ariel Blanco, a driver on Route 10, spoke. "We have to pay for every violation." (The urban transportation system of the city of Havana has a schedule of fines, which range from two to 50 pesos, depending on the seriousness of the violation.)

"But there is not enough concern for personal needs. For example, we do not have cold water, and meals are poorly prepared. We, together with the mechanics," Ariel went on to say, "have to use our own resources to find spare parts, because there are material supply problems. More must be demanded of those who are inadequate administrators."

Raul Torres, a driver, voiced his views. "In practice, it is impossible to keep up with the plan schedule for each round trip. This is because of the poor road conditions and the need for longer stays at the stops. Since we are not allocated enough time and we cannot keep up with the schedule, we suffer. Instead of the established labor day of nine hours and 20 minutes, we often have to work 12 or 13 hours in order to complete the trip schedule. No one can complain about the wages. In a fortnight, anyone who works hard can earn 480 or 500 pesos."

Fewer Vehicles, More Trips

Urban transportation continues to be one of the services where the shortcomings irritate the people the most. At this terminal, for example, there were 80 vehicles and eight routes just a few years ago. There were 482 employees, and the rate of absenteeism was 17 percent. The average number of daily trips made was 250, and the average fare collected per trip was six pesos.

Three months after the experiment was launched at this terminal, Jorge Castillo, the head of the Diezmero bus group, reported that four routes are being served today, with a fleet of 30 vehicles. The number of employees has been reduced to 258—the rest were reassigned, most within the sector. Absenteeism is at 3.4 percent, with a substantial reduction in medically certified absences. The average number of trips per day has surpassed the planned 299, reaching 327. The average fare collected per trip is 31 pesos.

Castillo explained that the present structure covers the bus group, which includes drivers, conductors, mechanics, electricians, assistants, dispatchers, economic control personnel, human resources, and fare collectors. The employees are divided into two brigades, one for the daytime schedule and the other for the night schedule. Their respective earnings are based on overfulfillment of the fare-collection plan. The income of the chiefs also depends on the results achieved by the collectives they supervise.

Another work group includes the service personnel, the employees who take care of the dining room, cafeteria, cleaning tasks, guarding and protection, maintenance, vehicle and tire repair workshops, and other production areas. After the portion owed to the state has been paid, 20 percent of the terminal's earnings is allocated for the financing of this service group, thus reducing the state subsidy.

Juan Cabrera, who heads the second brigade, spoke about the effect the proper rationalization of the labor force has had in this connection. For example, of the 21 mechanics this brigade had formerly there are now only 10. Of the seven assistants employed previously, there are now only two, and of the former eight electricians, there are now only three. The brigade itself is performing tasks today that were assigned in the past to the personnel of a separate maintenance unit.

It leaps to the eye that with these new concepts, the tendency to wait for orders to be "handed down from above" must be completely eliminated. Castillo is convinced that there must be very strict management with a view to profitability, taking into account the independence and authority called for by the system.

There were widespread complaints about poor road conditions. Suffice it to say that between August and October, Diezmero reported 10 bus breakdowns due to this problem. The fleet there has been in use for more than 12 years, and the work of rebuilding the vehicles now has to be paid for by the terminal itself.

The experiment also calls for savings incentives. If all of the money allocated for material expenditures at the terminal has not been spent by the end of each month, a part of this reserve can be used as an incentive for the most outstanding workers.

At the time of our visit, Noel Rios, the secretary general of the trade-union section and the National Vanguard of the SNTT [National Trade Union of Transportation Workers] was hurrying to a food-distribution assembly. This pertains to another incentive provided, and in addition, there has been an initial allocation of clothing and footwear, although not as yet a sufficiently large amount.

Like so many other bus riders, I told the employees how irritating it is when these annoying caravans of vehicles—several buses, one following immediately after the other—arrive after exasperated citizens have waited for hours. Can this be exclusively because of unexpected breakdowns, as they argued? It would certainly be worthwhile to look deeper into this problem, as well as others that have to do with the shortcomings of a subjective nature that always characterize these and other urban bus collectives.

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Without a doubt, even with the progress made as a result of this system of labor and wage organization, shortcomings that can be corrected remain. The most positive indication for the time being is that there is a strong incentive to provide better service—even though what is offered continues to be insufficient—thanks to the implementation of one of the strategic guidelines set forth by the MITRANS [Ministry of Transportation], which calls for establishing a direct link between the worker and the results of his labor.

PCC Notes Spread of Religion in 'Times of Crisis'

PA2012152694 Mexico City NOTIMEX in Spanish 1545 GMT 19 Dec 94

[By Francisco Ramirez Cardenas]

[FBIS Translated Text] Havana, 19 Dec (NOTIMEX)—The ruling Communist Party of Cuba (PCC) has denied any political or ideological concern over the spread of religious faith throughout the island. The party considers a normal reaction in times of crisis.

In an interview with NOTIMEX, Caridad Diego Bello, chief of the PCC's Office in Charge of Religious Affairs, said that "this increase does not concern us. Let the person convinced of his faith who regularly attends church continue to do so."

In her opinion, the serious economic crisis on the island, social work by the churches, the evolution of the churches' ideas, and the agreement by the PCC Fourth Congress against religious discrimination explain this fervor.

According to analysts, the elevation to cardinal of the archbishop of Havana, Monsignor Jaime Ortega, will help attract more people to Catholicism and may give rise to more baptisms, first communions, and church weddings.

Caridad de Diego, explaining why every day the churches are filled with more children, youth, and adults, said: "It is a universal truth that during times of crisis, war, or tension, the spirituality of people increases."

She pointed out it was very important that during the October 1991 congress the party eliminated from its statutes the prohibition on believers joining the party, which she described as a critical issue during the first years of the revolution.

"We do not have to have political differences with believers because we are a political party, not a religion," Castro said during that congress. He accepted the idea that if a person had enough merit he could not be prevented from joining the party.

After the Bay of Pigs Invasion in April 1961, relations between the Catholic Church and the government reached a critical level with the arrest and expulsion from Cuba of priests for alleged "counterrevolutionary activities."

At the beginning of the 1970's the confrontation began to taper off, and relations became less tense, but the two parties kept one another at a "prudent distance."

The church recognizes some of the government's social achievements and criticizes the U.S. embargo, while the government has eliminated previous intolerance of believers in schools and work centers, where many had kept their faith a secret.

Caridad Diego gave assurances that "the great majority of churches do not use faith against the revolutionary process," which in its first laws (urban reform and nationalization of education) affected the interests of the Catholic hierarchy.

She pointed out that in the last 35 years various religious denominations have done their work "through a process we consider natural," which influenced their membership and increased the influx of the faithful of all ages to the churches.

Diego recognized that Christian churches in Cuba daily grow closer and closer to the people whom they help with socioeconomic development projects. The churches have said they will help the people overcome the Special Period (the official way of referring to the economic crisis).

The government official praised the churches' monetary help and the food, medicine, and supplies donated to schools, hospitals, social organizations, and old folks homes.

The Christian churches "play an important role in society's socioeconomic changes. People who go to church are not extraterrestials; they are our people," Caridad Diego says.

The PCC has concluded that "one has to continue to work with the churches to restore human values, national dignity, sovereignty, the right to work, education, solidarity, and friendship.

"Economic changes cannot create a crisis in values," Diego said by way of illustrating the possible negative effects upon the social conscience of the adjustment measures and the free market reforms taken by the government to face the crisis.

Poll: Revolution Yields 'More Achievements'

FL2012164394 Havana Radio Rebelde Network in Spanish 1255 GMT 20 Dec 94

[From the "Doing Radio" program]

[FBIS Translated Text] For the majority of Cubans, the Revolution has yielded more achievements than failures, according to the results of a poll conducted during the first nine days of November by the MIAMI HERALD newspaper. This was reported by the Mexican news agency Notimex.

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The poll canvassed 1,200 Cubans, a sample of 75 percent of the population. [sentence as heard] The poll contained 45 questions designed by the CID-Gallup organization from Costa Rica which was authorized by the Cuban Government to conduct the poll. Of those polled, 51 percent responded that the blockade is Cuba's main problem, followed by food shortages resulting from the situation inflicted on Cuba by Washington.

PCC Membership Grows

95P20287B

[FBIS Editorial Report] Havana GRANMA in Spanish on 19 November on page 3 reports that the Cuban Communist Party membership has be increasing over the past five years. The party has grown from 596,620 militants in 1989 to 706,132 in 1994. The article explains that the numbers reflect the response by Cuban militants to "the world-wide crisis" which in other regions has resulted in "wars, ethnic quarrels, transition, economic shortages, and the questioning of firmly established theories and values."

Haiti

Controversy Erupts Over Deputies' CEP Choices

FL2012205194 Port-au-Prince Signal FM Radio in French 1130 GMT 20 Dec 94

[FBIS Translated Excerpt] The formation of the Provisional Electoral Council [CEP] has been the main headline in the news for some time. Things are moving along in the Chamber of Deputies. Following the Senate's selection of Marie-Laurence Jocelyn Lassegue [former minister of information, coordination, and culture under the Aristide-Preval government], over 46 parliamentarians signed a petition on 19 December approving two other members to represent them in the CEP. Let us listen to an explanation by Daly Valet.

[Begin Valet recording, in Creole] After the senators chose Marie-Laurence Jocelyn Lassegue at the suggestion of Ebrane Cadet, a choice that has given rise to controversy, the Chamber of Deputies completed their debate over the two additional members to represent the parliament in the CEP. Over 46 parliamentarians signed a petition designating Jean-Francis Merisier and Delouis Domond as their delegates to the CEP. The CEP will be responsible for organizing the upcoming legislative, municipal, and CASEC [Communal Section Administrative Council] elections. These two citizens were proposed by the Alliance for Parliamentary Cohesion deputies and won through the support of parliamentarians from the Lavalas Political Organization [OPL], the National Front for Change and Democracy [FNCD], and the National Congress of Democratic Movements. [passage omitted]

The choice of these citizens has given rise to protest. Delouis Domond, a member of the the Union for National Reconciliation [URN], the late Dr. Roger Lafontant's party, was nominated by Deputy Rita Frederic Moncoeur and is already the subject of criticism from many social-democratic parliamentarians who say macoutes must not be included in the CEP. Meanwhile, Serge Jean- Louis, vice president of this bloc, says Jean-Francis Merisier is not credible enough to be part of the CEP because he was a member of the de facto provisional electoral council that rigged the 18 January 1993 elections. [passage omitted]

Within the socialist bloc, there are conflicting views on the two people chosen by the 46 deputies. In the opinion of Duly Brutus, president of the socialist bloc, these choices were made with regional bias. Brutus also believes that Francis Merisier may be at a psychological disadvantage within the CEP because he was part of Marc Bazin's provisional electoral council. Many reasons—especially the fact that the socialist bloc's candidate, Pierre E. Dugene, did not win—prevented several socialist deputies from signing the petition approving the two members. However, that did not prevent the vice president of the chamber, Mac-Ferl Morquette, who is also a high official within the Nationalistic Progressive Revolutionary Party of Haiti and the socialist bloc, from signing the petition in favor of Francis Merisier.

Another surprise was that Deputy Patrick Norzeus, a lavalas partisan and OPL member, and FNCD Deputy Gary Guiteau decided to vote in favor of Delouis Domond who is a member of the Duvalierist URN party. Perhaps it is an indication that reconciliation has begun. [end recording]

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Government Announces Devaluation of Peso

PA20[illegible]194594 Mexico City NOTIMEX in Spanish 1714 GMT 20 Dec 94

[FBIS Translated Text] Mexico City, 20 Dec (NOTIMEX)—The Mexican Government announced today a 53 cent adjustment in the exchange rate of the peso vis-a-vis the U.S. dollar and set the Mexican currency at 3.99 pesos to the U.S. currency.

Mexican Treasury officials explained the measure will allow the Bank of Mexico more flexibility in participating in financial markets and fulfilling the goals of the 1995 economic program.

Labor, peasant, business, and government sectors, which signed the Pact for Welfare, Stability, and Growth (PBEC), agreed this Tuesday on the new exchange rate that will allow them to face the negative effects of the economy.

The meeting that led to the modification of the exchange rate took place after tension peaked this Monday in the southeastern state of Chiapas, where on 1 January the Zapatist National Liberation Army (EZLN) began operations. This Monday, alleged members of the armed group blockaded access to some towns in that state and peacefully seized the mayoralty of Simojovel Municipality.

The Mexican Government explained that the measure will permit it to reduce the social cost of the repeated threats of violence made by the armed group, which has been operating since 1 January in the southeastern Mexican state.

In 1994 the Mexican economy showed signs of strength, despite political events and criminal actions perpetrated against society, but the calls for violence and the threats to peace have created an atmosphere of uncertainty that blocks the economic development of Mexico.

The greatest impact has been caused by an increase in interest rates, which hurt rural producers and small businessmen, authorities remarked.

They stressed there has been increased pressure on the foreign exchange market, which tends to slow down the growth of the economy, which in turn restricts prospects for investment, employment, and welfare of the population.

The signatories of the pact have asked the EZLN to accept expressly and expeditiously the dialogue as the only democratic and peaceful means of settling the conflict.

They also agreed to assess the accords established in the pact within the next six months in order to oversee compliance with the goals of the 1995 economic program.

Bishop Ruiz Begins 'Permanent' Fast for Peace in Chiapas

PA2012161794 Mexico City Radio ACIR Network in Spanish 1522 GMT 20 Dec 94

[Report by Rocio Correa; from the "Panorama Newscast"]

[FBIS Translated Text] In view of the heightening of tension in Chiapas State with the seizure of 38 municipalities by hooded individuals on the morning of 19 December, Samuel Ruiz, bishop of San Cristobal de las Casas and mediator in the armed conflict, announced today that he has begun a permanent fast. In a communique, he invited all the country's bishops to join in this act of penitence.

The communique, released by the San Cristobal de las Casas Diocese, said: Being of sound mind and of my own free will, I have decided to resort to the force of petinence and prayer, beginning a permanent fast today at the cathedral of the San Cristobal de las Casas Diocese, the cathedral of peace. I invite my brother bishops, their churches, and all believers to join this act of penitence to ask God to move all those involved in this conflict to seek paths of understanding that will lead to a well-founded cease-fire so that, in common agreement, they will establish terms and conditions that will permit them to participate and listen to each other in future dialogues for peace and reconciliation with justice and dignity.

The communique signed by Samuel Ruiz expressed his great concern for the fate of not only Chiapas but the entire country, indicating that the warlike preparations in Chiapas State on Monday place the state and the country on the road to an irreversible war.

The mediator in the Chiapas conflict also reminded all Mexicans not to forget that peace can never be achieved through violence.

Clandestine Lab Dismantled in Tijuana

53300539A Mexico City EXCELSIOR in Spanish 21 Nov 94 pp 5-A, 20-A

[Article by Rafael Medina Cruz and Roberto Melendez]

[FBIS Translated Text] Upon capturing six presumed drug dealers, including two female U.S. nationals, Federal Judicial Police [PJF] personnel discovered and dismantled a sophisticated clandestine laboratory located a few kilometers from the race track in Tijuana, Baja California. All types of synthetic drugs were being processed there, including the so-called "ice," "crack," "crank," and "crystal," the toxic power which even "exceeds that of cocaine by 500 percent." Discovered on the premises were all kinds of chemical precursors, as well as test tubes, flasks, pumps for injecting and extracting air, and raw material for producing amphetamines.

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According to reports from the local agency of the Attorney General's Office in that state, headed by Irma Garcia de Cuevas, the following subjects are at the disposal of the Federal Public Prosecutor's Office: the U.S. citizens, Mary Sue Iniguez and Rhonda Gail Tuck; and the Mexicans, Oscar Hurtado Avalos, Rosario Guerrero Herrera, Jose Manuel Rubio Chairez, and Efren Patino Sotelo. All admitted being guilty of the charges brought against them.

The authorities indicated that the operations began with the interception of a Bronco van, apparently without license plates, in which Oscar, Rosario, Mary, and Rhonda were riding. They were carrying in it chemical precursors, psychotropic capsules, and ephedrine, used for refining cocaine and processing amphetamines.

When questioned at the Federal Public Prosecutor's Office, those now indicted revealed that they had set up a modern, sophisticated laboratory for processing synthetic drugs, particularly the so-called "crystal." It was located at No. 6015 Manuel Lopez Velarde Street, in Tijuana's Los Olivos subdivision.

Based on an order issued by a federal judge in the state, the PJF general director, Adrian Carrera Fuentes, was notified that federal agents under the command of deputy commissioner Isaac Sanchez Perez had conducted a search of the premises. They discovered various amounts of chemical precursors, including ephedrine, as well as flasks, test tubes, pumps for supplying and extracting air, and an undetermined quantity of "crystal."

The police force's Command Control Directorate, headed by Commander Victor Manuel Patino Esquivel, was informed that the largest portion of the clandestine laboratory had been installed in the space intended for bathrooms. The equipment used by the presumed public poisoners is considered highly sophisticated and worth hundreds of thousands of new pesos.

During the past six months, with Irma Garcia de Cuevas heading the local agency, Federal Judicial Police agents have managed to detect and dismantle three clandestine laboratories in which "major criminal organizations" were producing synthetic drugs and amphetamines and also processing both cocaine and opium gum. The investigation of the case is being continued to determine the identities of the other persons comprising the criminal groups.

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Nicaragua

Gen Ortega Interviewed on Transition, Issues

PA1712124794 Managua BARRICADA in Spanish 15 Dec 94 pp 1, 3

[First of three installments of an interview with General Humberto Ortega, commander in chief of the Sandinist People's Army, by Julio Lopez Campos and William Grigsby Vado; place and date not given]

[FBIS Translated Text] [BARRICADA] Some people, including government spokesmen, believe Nicaragua has been living through a transition period since Mrs. Chamorro took over the Presidency. Do you agree with this belief?

[Ortega] Generally speaking, we are living through a complex and historical transition. I believe the historical transition began on 19 July 1979. I have always said it, even in the presence of such personalities as Antonio Lacayo, who maintains the transition toward democracy that began in 1990. I say no; that is not the case. I believe the transition toward democracy began as the Somozist dictatorship was overthrown, because there would not have been elections as clean as those of 1990 without the revolution, nor would there have been a presidential candidate as President Chamorro. They would probably have nominated someone who was directly tied to the reactionary and vindicative sector.

The transition encompassed everything the revolutionary government and all its big changes were. We did not have a revolution and a counterrevolution here. We have had a revolution thus far that overthrew a dictatorship and found the country plunged into backwardness, underdevelopment, and poverty. It was a country that was dominated for more than 150 years by a U.S. presence; it is a country even lacking an adequate highway, a modern hospital, tall buildings, and modern factories. We have electrical plants, however, that have been working for more than 40 years.

The revolution found the country suffering the aftermath of the earthquake and the liberating war that distorted the country's ability to govern itself.

Leaned To the Left

We experienced a necessary and unavoidable phase of revolutionary radicalism during the first years, but we embarked on the search here since 1984 for a peculiar democratic project which was leaned a bit to the left and which contained rigid systems due to such confrontations we were living at that time as the East-West Cold War. It indeed had certain effects on us.

This situation notwithstanding, we exercised the alternativeness of government, and we elected the main authorities since 1984 thanks to the Constitution.

From our revolutionary origins of a strong left, we embarked on the search for the democratic government we still do not have. That point is why I was telling you the major goal for Nicaraguans (not only for Sandinists but also for people who were never Sandinists and who gave their life, for patriotic people who are even more Sandinists than Sandinists themselves as far as their customs and values are concerned) is to install a state of law, a state of economic development with social justice and larger equality. We want a Nicaragua that will have solid foundations.

[BARRICADA] Daniel Ortega said a little more than one month ago there should be more revolution in Nicaragua. Do you agree with his opinion?

[Ortega] The most general objective for which we are fighting—some led by Sandino and yet others by programmatic policies and ideologies—and for which we take stronger and more fervent positions, even less fervent positions sometimes, has made major achievements. I believe, however, it is incorrect to say that the efforts for a historic change already subsided and that we could devote ourselves to enjoying life in a calmer fashion.

Now, the fact we have made major achievements in the search for a special democratic government, more achievements in the political arena than in the socioeconomic field does not mean we have not made major advancements in the search for freedom and a better government.

To this end, I believe that as we speak of Nicaragua requiring more revolution, we must understand, in all cases, that we mean the need to make more achievements in those aspects we have not been able to resolve in all these years since 19 July 1979.

Basically, what Nicaragua needs is to guarantee a framework of political stability and overall security for all Nicaraguans, a framework that would allow us to create wealth. If we really wanted to accomplish the historical vindication of defeating poverty and favoring our people, particularly the neediest segments of the population, the first thing we would have to do is to create the wealth we want under an adequate government that would have more repercussions in social justice and equality.

If we are unable to create the conditions to conceive this wealth, it would be very difficult to honor the revolutionary commitment of eradicating poverty little by little and searching for a path of happiness and calmness and a prevalent middle class in Nicaragua, a path which would close the gap between those few people who have too much and those many people who have nothing. I believe this is indeed the major goal of this social commitment we have with the people, particularly with the poorest and most sacrificed people, the ones who fought the most.

[BARRICADA] On 25 April, after the electoral defeat and after deciding to stay on as Army chief, you backed

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a political proposal that was not the same as what the Sandinist Front had promoted during the revolution.

[Ortega] I always backed the idea after the election of upholding the basic changes we made to begin on 19 July, even though a large anti-Sandinist sector was opposed, simply because the changes had been carried out by Sandinists. This point is what is in the Transition Agreements.

There are four basic issues upholding the fundamental changes if you look carefully. The country could have fallen apart and into total chaos without these agreements. We would have been forced into defending those historic changes from a different perspective, a situation which was probably not very good for the country. I secured stability.

Actually, I personally assumed a specific and particular position after losing the election. I secured the way to stability in doing so, a minor but real possibility to reach reconciliation and a basic understanding that would allow us to keep the basic achievements reached after the historic 19 July change. As a revolutionary, of course, I could not have defended them quite the same way had we won the election.

[BARRICADA] That is why you accepted to stay on as commander of the Army.

[Ortega] I did not accept to stay on. I became the expression of a decision that rose from the Sandinist revolutionary spirit not to bend under right wing pressure, not to give in to the high passion and enthusiasm that winning the election has evoked among the inebriated right wing and its most reactionary sectors, as they celebrated an electoral change that had been forged within the very Nicaraguan revolutionary process.

They were demanding something quite absurd when they demanded my head. The electoral change we carried out here in Nicaragua, the electoral process we completed, was completed in accordance with the Constitution, the laws, and the Esquipulas II agreements. One of the institutions that exists under all three is the Army. El Salvador and Nicaragua are both examples that the Armed Forces do exist.

It was not Humberto Ortega's head for what they were asking but, rather, the disappearance of the Army.

When the right won the elections, they reacted as if it had been a counterrevolutionary victory; we could not allow that. It is with that position that I stood before the Army. I told that statement to President Chamorro here in my house, which is known as the "I" in Lomas de Tiscapa. I told her I would not accept to leave the Army, even though the entire cabinet has said it would resign if Humberto Ortega were to stay, and she would have no government.

I said: "Well, then, there will be no government. It is better to have no government than to face a more violent confrontation than that seen during the past eight years." We accepted the electoral change but not counterrevolutionary change, arbitrary change, or whatever the right wanted just because we lost the election.

We demanded respect for the legitimacy of the armed institution, its chain of command, and its commanding officers. The right wing's intentions were contrary to the agreements, the Constitution, our revolutionary convictions, and contrary to our decision to retreat at that time. This would have been like opening the door to disastrous instability and, perhaps, would have led us to civil war.

[BARRICADA] Looking at the situation from another angle, you said before that you "helped this government maintain an understanding among distrusting forces." You were, then, useful in the execution of the government's plans, which, for all practical reasons, reversed many of the revolution's achievements, through institutionalization, laws, and economic policies.

[Ortega] Not really. We have kept out of the economic plan and other more complex matters. We have always tried in our relationship with the government to get them to take the different sectors into account. That has always been our advice. As the Army, we are all over the country, just as the church has its people in many places in the countryside. Hence, we can see the many problems troubling the country, and we notify the government, but we can go no further.

Nicaragua faces a complex situation. Much has been done to solve economic problems. Certain efforts had a higher degree of understanding among the forces, and others had less. Unfortunately, we are still in a difficult situation that affects the people, particularly the poor in the cities and countryside. We have never agreed with that, but we have no say in the matter, nor can we tell the government it is implementing a neoliberal plan causing great harm to the people.

[BARRICADA] General, is the Transition Protocol a pact with Antonio Lacayo?

[Ortega] No, the Transition Protocol was a vital necessity. I would say it was needed more to keep Nicaragua from entering a situation of chaos and anarchy than to form alliances with new sectors, such as those which Engineer Lacayo represents. We had a very dangerous moment here.

[BARRICADA] Was there a pact with Antonio Lacayo or not?

[Ortega] There was no pact; there was an agreement that covered four aspects. We simply sought the minimal bases for stability and governability in a country that still had armed contras, a right wing that was totally intoxicated with the electoral triumph, and a knocked out Sandinism...

[BARRICADA] But that was in the beginning, that was the Transition Protocol, but later, in recent years...

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[Ortega] No, there was never a pact here. What we had was something like tightening shoelaces that become loose after you walk for a while. We have been in a very complex, special situation in trying to preserve the Army, not the Sandinist Party, not the Sandinists, not the revolutionaries, but the Army of the Nicaraguan nation, which logically has revolutionary origins and its members are revolutionaries and patriots. Sandino fought for a national army, not for an army for Augusto Cesar Sandino or for a Sandinist party, because that would not be national.

[BARRICADA] During 1990, 1991, and 1992, was there or was there not a co—government [cogobierno]?

[Ortega] There has never been a co-government. That is truly a falsehood, especially a falsehood of the right-wing sectors. Saying there is a co-government here is simply an effort to blame Sandinism for the country's problems and to attack President Chamorro and Engineer Lacayo over the Transition Agreement.

There were decrees and other measures in this framework of revenge which were not viable, and that is why they never came about.

Government Advice

One right-wing sector distanced themselves from the government because the government was not functioning like they wanted. It would have been counterproductive if the government had acted their way, and we would have had total anarchy here and an armed confrontation worse than in the past.

I believe one of the biggest decisions made by President Chamorro and Engineer Lacayo was to understand that reality.

[BARRICADA] But the fact remains that no decisions without your participation, as commander in chief of the Army...

[Ortega] No, as the Army head I have been more than a military man; a revolutionary leader who has headed a task that I have considered historic: that this country can count on the Army.

I believe the Army is necessary here in Nicaragua due to the country's very definite historical conditions; a small Army, such as the one we now have, submitted to constitutional order, to civilian order through the Constitution—an Army in harmony with this higher institutional effort that all Nicaraguans are making to give adequate modernity to Nicaragua in the face of the new century.

Without this Army it is very difficult for Nicaragua to secure greater stability and order. This is a country that has been very backward, very polemical, which rapidly becomes confrontational, and which tends to be very difficult to govern.

With my departure the emphasis is placed on the effort to have professionals with a military code, which I believe is a strong basis at this moment for working better.

I have not governed jointly with this administration. In fact, I have even taken care to have the minimum contact with President Chamorro during these approximately five years. I have practically had no contact with the president; I have only visited the presidency or President Chamorro when it has been necessary.

[BARRICADA] Your links with Antonio Lacayo have been closer?

[Ortega] With Antonio Lacayo, yes, because he has been the presidency minister willing to back his government's actions. Undoubtedly, with Antonio Lacayo we have reviewed a series of aspects pertaining both to the Army as well as Nicaragua's difficult situation. I have been able to contribute to this effort so that the country does not become further polarized, with less understanding, greater confusion, and less credibility. I have been useful at the head of the Army because I know Sandinism well, along with other sectors of the country; because I have served this administration to find avenues of communication that bring forth a greater understanding between sectors that deeply mistrust one another. That is the role I have tried to play. But to go as far as saying that I have been co-governing has never been the case.

Discusses Award For U.S. Service Member

PA1912125494 Managua BARRICADA in Spanish 16 Dec 94 pp 3, 4

[Second of three installments of an interview with General Humberto Ortega, commander in chief of the Sandinist People's Army, by Julio Lopez Campos and William Grigsby; place and date not given]

[FBIS Translated Excerpt] [passage omitted] [BARRICADA] Let us switch to a different topic. Why award the gringo a medal?

[Ortega] The medal was for two reasons: one, fairness and moral recognition; the other, from a political point of view. I did it with these two intentions in mind. U.S. policies have encouraged great adversity between Nicaraguan armed institutions and the United States. We have experienced with Mr. Quinn since his arrival in 1989 a bridge of communication, respect which we nourished and to which he responded. It is the relationship I believe Nicaragua should have with the United States. Sandino was not an enemy of the United States; he did not want to be an enemy of the United States. He was simply an enemy of the imperial policies of the U.S. Government.

We saw in Quinn, despite this situation with the right wing, vindictiveness, especially after we lost the elections, a man who did not hold a negative attitude, a position of isolation, or who issued distorted reports to

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put us in a bad light. There have been instances in which diplomats have completely exceeded their duties and have not contributed so that their governments know the reality of what is taking place here. These instances have definitely harmed Nicaragua, particularly those of us who want to be legitimate here, because we have a right to live here but as Sandinists, not as anything else.

When Quinn was about to depart, I thought it was important to recognize that particular gesture, but by doing something that would help politically, by giving him something symbolic.

[BARRICADA] But was it necessary to award a medal to accomplish what you are saying?

[Ortega] I think so. Judging by the irritation this gesture has caused, I believe it was the correct thing to do. I believe deep down the irritation of the Sandinists, who did not know the inside of things, showed us the deep patriotic interest and the accumulated annoyance over mistaken U.S. policies. That was a good reaction, because it meant the feeling of rejection of a historically mistaken policy is alive. It did not go down well, however, because the intricacies of this particular case were not known and were a bit contradictory.

Due to all that reaction and the importance it had, I believe it remained as a landmark, as an important precedent. Quinn himself was isolated afterward and was prevented for months from assuming certain positions. We know he said himself he did not regret having received the medal. He had also suffered reproach.

For me, the fact a North American, an active member of the U.S. Armed Forces, has received the Army's top decoration on his chest was politically important. We bestowed it opposite Sandino's picture. That medal meant the existence, the legitimacy of this Army, of Sandinist origin, was being admitted, and it meant the United States has recognized Sandino was legitimate and not a bandit.

[BARRICADA] Placing this medal on the chest of an active U.S. military man was not only an act of bestowing it to Quinn; we were, in fact, bestowing it on the U.S. Army.

[Ortega] Right. It was a way at the time to make the United States realize that Nicaragua does not want an enemy, that we do not want to be an enemy for the sake of ideology or simple opposition to that negative propaganda. In other words, certain relevant facts with images make one think, make one meditate.

The truth of the matter is the U.S. Army has basically been respectful toward us during these years. There have been no great problems. They are not lobbying like other powerful U.S. sectors such as Congress, or others, against Sandinism and the Army.

True, I believe there was a risk of me being attacked, but I have definitely said it was fair. Of course, one needs to balance this point politically.

It will hurt me politically, but it harms me at the same time. It will raise awareness in the United States that we have to change historically. I have paid a political cost with the Sandinists, but I believe people have come to realize as time moves on that what is fair does not always agree with politics. It is very difficult. The two often do not go hand in hand, but it was truly fair. That is what is most important. [passage omitted]

What really took place on 2 September?

[Ortega] Simply put, on 2 September the government made a unilateral announcement concerning my retirement. This took place within the framework of an already tense and trying situation the country had been enduring for a number of years. This was the case because this government, by virtue of its characteristics, was facing pressure from those who opposed it, as well as because it has been "unable to eliminate Sandinism." In addition, the government was in urgent need of financial resources.

I believe a situation arose in which, in an attempt to balance and bring these elements into harmony, as well as to counter pressure from aggressive U.S. sectors opposed to anything patriotic and revolutionary—and, yes, there was some degree of carelessness on the part of the executive branch—announcements were made without first reaching agreements with us. [passage omitted]

I would like, by the way, to clearly reiterate that Humberto Ortega is leaving the Army because this will benefit the country's interests and provide greater stability, but not because we are surrendering to pressure from the United States or the executive branch. If this were the case, I would not move one inch, even if it represented a crisis for the country.

I believe the most significant point is that my retirement is contributing to the search for consensus, albeit gradually, but a very profound consensus. In this specific case in which we have a consensus among the executive, the military, and National Assembly, we ended up with a Military Code I am quite certain will receive greater support from the country.

Therefore, we will be more acceptable because the institution will no longer be the mouthpiece of a political party, but we will truly be a national army—a state institution that must serve a democratic system we must all build and encourage.

[BARRICADA] General, you once said you had been more than a military commander, a leader. Does this mean that with Gen. Ortega's departure on 21 February 1995 the next Army chief will be the first chief of the military?

[Ortega] In this historic mission, I have felt more like a revolutionary leader ensuring conditions in Nicaragua to create a professional army, a solid institution of the Nicaraguan state that represents interests greater than

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mere political approaches. All of this points to a much greater cause, one that is more pertinent for the Nicaraguan nation, more patriotic, and within the framework of the country's Constitution.

In this respect, I have been more committed and have fulfilled this mission even more. Nevertheless, most logically, as a soldier and for all practical purposes, I have been the institution's real military chief.

Now, what can be expected in this next phase, during the next five years? Without any doubt, we can expect a situation in which the Army will be meeting its obligations under the Military Code. As long as the country enters into a process of greater awareness and a better understanding of the state of law, and as long as it submits to the basic rules of the game, in the same way there will be better conditions for the Army to be less immersed, less linked to complex political dynamics that propelled me, as head of the Army, to voice a political opinion, because this should no longer be necessary. This is inappropriate, and one learns nothing from it. In addition, it will not bring about any beneficial results.

Politician and Soldier

A military institution such as the one we desire should not be involved in political life. That should be up to other citizens and other branches. In this respect, in the past I have been forced to get involved, and I have even been criticized because the country's situation has been less stable.

I got involved because there was a situation of polarization, of complete disregard, of provocation, and of complete disrespect for the institution and the Constitution. This situation forced me to express myself in a political manner to defend the institution. I also was forced to defend more general positions which, if they had been undermined, would have allowed the institution to definitely be undermined. All of this was done for the sake of stability and greater understanding.

Most naturally with my retirement, the incoming military leadership will be more committed to the Military Code. It will be more committed to honor those aspects that are beneficial to the country and beneficial to the military itself. [passage omitted]

Interviewed on Changes, Social Problems

PA2012034394 Managua BARRICADA in Spanish 17 Dec 94 pp 4, 5

[Last of three installments of an interview with General Humberto Ortega, commander in chief of the Sandinist People's Army, by Julio Lopez Campos and William Grigsby; place and date not given]

[FBIS Translated Excerpt] [BARRICADA] General, are you pleased with the changes in Nicaragua?

[Ortega] No, because there is widespread poverty here. We are experiencing extensive economic deterioration and a social problem stemming from the measures taken these last few years. The immediate effect has been an impressive social deterioration no matter how necessary the measures may have been.

We cannot be impassive about this frustrating situation through which the Nicaraguan people are going.

The economic situation cannot overshadow, however, the enormous historic progress we have seen in the area of political, democratic, and ideological liberties and the right to free expression, even in the high degree of tolerance. I believe it was better to have exercised excess tolerance within the right to free expression instead of having repressed it. We had been living like a contracted spring during many years of dictatorship. It was inevitable that it would snap back once the historic pressure was lifted.

I believe the irreversible grounds for a better Nicaragua have been established. Irrevocable, historic changes have taken place since 19 July, on through the 1990 election. It is no longer possible to go back to the old ways of exploitation and oppression which were typical of the Somoza era. We cannot go back to systematic, violent, and bloody repression, which the most reactionary, backward capital used to exercise its political power through dictatorship. That can no longer be, because there is no National Guard [GN], which was its favorite instrument in applying their policy.

One of the most important and historic achievements of the revolution and for the Nicaraguan people during that historic transformation was the disappearance of such a violent instrument of armed repression as the GN.

You must recall the manner in which the most reactionary sector of the United States tried to impose that same GN, right up to the very last minute before 19 July. I held direct negotiations just three days before to prevent them from leaving members of the GN embedded in the new Armed Forces. They would have later changed the new Army back, piecemeal. [passage omitted]

[BARRICADA] Some people think you are pressuring the FSLN [Sandinist National Liberation Front] to make concessions to the government in exchange for keeping the Sandinist People's Army [EPS] intact. Do you agree with that statement?

[Ortega] No. I believe it is incorrect. I do not believe that is what really happened. The truth is the FSLN suffered a serious setback when the election was lost. This blow was a heavy one from a political and moral standpoint, because they wagered everything on their electoral victory. I always believed it was more important after such a defeat to preserve the fundamental elements of the historic changes of 1979.

I would not say Sandinism pushed certain victories and achievements aside so the Army could remain in place. That was not the case. It was quite the contrary. We

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should say the Army reached its objective. The EPS still managed to get where it is today despite a lack of comprehension by many Sandinists, the clashes, the disagreements that even led some Sandinists to form armed groups of recompas, and what have you, despite all different postures, including the Sandinist media, which was unable to understand the EPS's leadership role.

The FSLN Has No Space of Its Own

In any case, we should note whether Sandinism, as a political and social movement, was unable to continue its belligerent struggle after the defeat at the polls. It was precisely for that reason: They had suffered an electoral defeat and had no political space. They had no real possibility of staging a more vigorous struggle, especially as the people who cast their vote at the election had said no to Sandinism. [passage omitted]

[BARRICADA] Humberto Ortega will soon have time to spare. Will he be available for politics then?

[Ortega] I believe I will have and I will try to maintain my revolutionary calling. I would die if I did not feel this way. The concept of "revolutionary" is, of course, very relative. It means something to some people and something else to others. The important thing is to find a basic crossing point on the issue.

I believe the best way to further this revolutionary position is to have a Sandinism furthering national unity, security, and stability, to see how we can start resolving our problems once and for all.

The people who voted for the UNO [National Opposition Union] did not do so to end Sandinism or to get all the Sandinists killed or expelled from the country. In reality, people voted for the UNO, because they wanted peace. It was more difficult for the contras to disarm and for the Americans to withdraw their support to the contras had the Sandinists won.

I have always said I have a revolutionary calling and would not feel right if I did not behave in a revolutionary manner to improve my country's situation. I believe, as I told you previously, the objectives we set out to achieve when we started fighting have still not been met. My efforts to achieve those objectives cannot waver.

I feel the need to have an active and positive role in immediately furthering efforts, together with the main sectors of the country, to give the country the possibility of stability, something which I believe will be difficult to achieve by 1996.

[BARRICADA] Is it really necessary to abandon Sandinism and, more specifically, the FSLN as a potential political option?

[Ortega] Not at all. I believe Sandinism more than ever before must be strong, more responsible, and increasingly sound in its diverse expressions regarding the power generated by the revolutionary change in 1979.

I believe the FSLN, as a party, has to increasingly improve, because it is an important reality in this country. The FSLN will effectively respond to present and future challenges in the measure that it behaves as a modern party which is able to meet the demands of modern times.

I feel I can contribute further to the goals of a more general revolutionary cause from outside the Sandinist Party than from within. I am not saying this is valid for other people. Due to the process I have had to live and the time during which I am leaving and also because the FSLN, as a party, has a number of regulations and restrictions, I feel I can contribute in furthering solutions but not necessarily immersed in a party, be it conservative, liberal, Social Christian, or, in this case, the FSLN.

I especially say it is not necessary for me to be in any party to consider myself a revolutionary, a thinker, and a person who has a more liberal way of thinking. I believe my experience, authority, and competence will allow me right now to influence a number of Sandinists who are in the FSLN or those who do not belong to that party because they are in the police or have a military career, intellectuals, and other personalities who are not Sandinists, both in Nicaragua and abroad.

I do not need to represent a party at this time to make my contribution. I do not need to represent the FSLN, as an organization, for many Sandinists to feel they identify with my way of thinking.

I have told Daniel Ortega that one of the FSLN's most important virtues, although, as everyone knows, it is going through a crisis, is that it has preserved most of its Sandinist cadres in the country, and this point is quite important. Despite its contradictions, weaknesses, and flaws, the fact most of the people continue in the party is, in my opinion, important to be able to confront the dangerous elements of anarchy or extreme liberalism that could disperse the Sandinist forces. This would totally weaken the party and turn the current situation into an even more dangerous one.

[BARRICADA] Do you still have the summoning power to contribute to the unity of Sandinism, or is Humberto Ortega's political clout quite deteriorated?

[Ortega] My best asset has been the fact that I was not in politics. I only complied with my duty, which was to give the country an army it never had.

I do not want to enter the FSLN because I do not want anyone to believe I am contesting the leadership of the new comrades who are there and who, I repeat, have their own historic merits and who will get Nicaraguans to respect them more in the measure that they favorably respond to their demands.

I do not intend to get into a specific political career and be the main candidate in any given campaign, but I feel

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I have accumulated some means, although contradictory, some authority, some value, that will help me articulate my aims.

The fact I am saying this does not mean that I am against the FSLN or that I am criticizing it. This point is important. The fact that I assume a position as a revolutionary, from an independent position, does not mean I am criticizing the FSLN. I am not saying it is good or bad, because I am not assessing it.

[BARRICADA] The FSLN would have mustered a political interest in you if you thought it was relevant.

[Ortega] Quite the opposite. I believe I have told several people with whom I have talked, including foreign diplomats, that it is fundamental for Nicaragua's stability that Sandinism be better organized, more modern and stronger.

In this sense, the strongest political expression of Sandinism is the FSLN, the FSLN as a party. The strongest worker-peasant power in Sandinism is its unions and guilds, without forgetting that another expression of Sandinism is the Army, the police.

Thus, Sandinism will be as strong as the members make it: from the Sandinist who does not belong to the party because he does not want to be or chooses not to belong; from the Sandinists who are in the party who work in a union or guild; the Sandinists who work in a government institution, as well as the soldiers or policemen; those who strive to strengthen their organizations professionally. The union responds to union expectations, and the peasants organized in the UNAG [National Union of Farmers and Cattlemen] further their sector in their initiatives.

[BARRICADA] The people are used to employing elementary expressions to judge people. Is Humberto Ortega a centrist, leftist, rightist, or center-leftist?

[Ortega] I believe the centrist position does not exist. It does not exist as a category. What do exist are forces that move toward the center, forces that move toward the extremes, or forces that do not move toward the center or toward the extremes. In a more global manner, if we count the French Revolution as the first typical, modern, political revolution, there are forces, however, that are on one side and forces that are on the other side.

[BARRICADA] To what side are you moving?

[Ortega] We have always moved left of center. I believe the duty of all revolutionaries at this moment is to move in that direction, and the duty of all those who have been active in right wing positions is to move toward the center.

I believe if those who have been historically active outside the left and those who have been historically active outside the right both decide to intelligently and rationally move toward center positions, then we are going to find solutions to our problems.

To say now I am not a revolutionary, that I am not a Sandinist, that I have not been in the historical left, to say that I am a rightist and that the left is bad so the capitalists, the reactionary groups, and the United States can believe me would be totally absurd.

[BARRICADA] Humberto Ortega is a Sandinist?

[Ortega] I am a Sandinist.

[BARRICADA] Are you a revolutionary?

[Ortega] If I am a Sandinist, I am logically a revolutionary. It does not mean, however, I am a follower of the FSLN. I am not anti-FSLN either. I am a Sandinist outside the FSLN. That is important.

[BARRICADA] Can you do that?

[Ortega] I am doing it. I have done, I am doing it, and I am going to continue doing it.

[BARRICADA] Yes, but in specific political terms.

[Ortega] Ah! Yes, of course. I believe that if I can, with my experience, contribute to the creation of an awareness in various segments of the population that we need to seek center positions without having to deny your origins, then I think I would be making a contribution without being an active party member.

[BARRICADA] But here we perceive a sort of contempt toward the FSLN itself.

[Ortega] Why?

[BARRICADA] Because if you are outside the FSLN, it means the FSLN is bad.

[Ortega] No, why? I say I respect the FSLN. I believe the FSLN must organize itself, strengthen itself as a party. It is very important, because it is an important reality in this country. If there is anarchy within the party, if it is weak, that is dangerous, because the thousands, the tens of thousands of Sandinists, who will always exist, will be left without something that can unite them so that they can express themselves better in society.

[BARRICADA] Don't you aspire to a more active participation in the FSLN?

[Ortega] What I want to say is: Are you a Sandinist? Yes, I am a Sandinist. Are you a revolutionary? Yes, I am a revolutionary. But, in my particular case, my status as a Sandinist and as a revolutionary is not necessarily given to me as a result of my active participation within the FSLN.

[BARRICADA] Is this advice for other Sandinists?

[Ortega] No, I am only referring to my own particular case due to the historic circumstances I have had to face and the circumstances in which I am departing. The concept I have of Sandino is that the one who is above the FSLN is Sandino, not Humberto Ortega. In that regard, I am a Sandinist.

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[BARRICADA] Humberto Ortega has made strong statements on various occasions against Daniel Ortega, and there have been many contradictions.

[Ortega] I believe we, Sandinists, have gone through difficult moments, through many contradictions. We have gone through times in which our passion has overstepped the limits of our house. We have publicly expressed our dissatisfactions, a manner in which, I believe, has not been the correct thing to do.

I believe our contradictions have basically been between the historic leaders and the Sandinist leaders. There have been problems of concept, strategy, tactics, political programs, organization, and methodology.

These have been the fundamental problems.

Logically, we have not escaped the struggle for power either. We are humans, and we have, as any Nicaraguan citizen, the human nature well marked in this aspect. There has also been greed for power as well, perhaps an overestimation of ourselves, certainly not with the idea of harming someone else but with the idea of doing things better. All of this has definitely occurred.

[BARRICADA] In addition to the well-known economic problems of the country, which we already know we are going to be facing in the future, does Humberto Ortega foresee a serious political threat for Nicaragua in the near future?

[Ortega] As long as there are Sandinists—and I believe there are hundreds of thousands of Sandinists who are organized or unorganized—there will be no possibility of a return to the times of Somoza in Nicaragua.

[BARRICADA] Meaning Sandinism is a guarantee Nicaragua will not return to the past?

[Ortega] I believe it is the primary guarantee. The Nicaraguan people's Sandinism and the organized expressions of Sandinism, as they mature and become more belligerent, will guarantee us that we will not return to the past and will guarantee us that we are going to build, along with other important sectors, a better Nicaragua for tomorrow.

I have said we need to reorganize a strong political leadership in Nicaragua, which does not necessarily mean we have to displace the current leadership. Even though I believe the participation of the principal leaders of the country is necessary, it is important to actively seek without reservations the participation of the Nicaraguan youth, who I am certain will not make the mistakes committed by our generation in the past. They will do a better job by avoiding confrontation and destruction. United they will all save Nicaragua.

Radio Sandino's 'Drumbeat' News Magazine Canceled

PA1912201994 Managua Radio Nicaragua Network in Spanish 1200 GMT 19 Dec 94

[From the "News 2000" newscast]

[FBIS Translated Text] Journalist Ada Luz Monterrey, director of "The Drumbeat" Sunday news magazine which aired on Radio Sandino but was canceled two weeks ago, yesterday said she will file a lawsuit against Bayardo Arce Castano, president of the Board of Directors of Radio Sandino, for noncompliance with her contract.

Yesterday, upon trying to get her show on the air, Ada Luz Monterrey learned the Radio Sandino studios had been locked. The journalist explained she is being humiliated, as if she were a criminal.

Journalist Monterrey asserted that the position of the radio station's board, and specifically that of Bayardo Arce, has set a terrible precedent for national journalism. She showed the contract [words indistinct] these people. Therefore, Monterrey stressed, she will demand compensation of 100,000 cordobas in court.

Monterrey stressed that she regretted the fact that an opportunistic Somozist, as she called Radio Sandino Director Conrado Pineda, is one of those responsible for firing her from the station. She added that she will continue to denounce the situation.

FNT Presents New Agenda

95CA0045A Managua BARRICADA in Spanish 14 Nov 94 p 7

[FBIS Translated Text] In the economic sphere, the current model is proving to be seriously antidemocratic. It is ruling the economy with an iron hand, cutting off from broad segments of the population all possibilities for access to capital, property, and resources, and thereby favoring the current tendency toward the concentration of property and capital in the hands of a few.

This turns the state into a for-profit, privately owned business. Corruption has taken out citizenship in our country. Indeed, corruption is so serious that it is constantly diminishing the possibilities for restoring a healthy social fabric and rules of ethical coexistence that will enable everyone, not just a few, to lead a normal civic life.

Not only that, but there is also a serious institutional crisis in which the executive, legislative, and judicial branches are perpetrating obvious inconsistencies, contradictions, and behavior not in keeping with the basic principles of the rule of law.

Debt Growing Day by Day

The above has created a situation of real ungovernability and has discredited the political system, which, moreover, has been incapable of attracting enough international capital to solve the country's problems.

As social demand increases, the debt grows larger by the day. It is irreparably compromising the future of the nation's true capital, which is the driving force represented by the citizens, populace, workers, producers,

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youth, women, and the future generations who are already condemned to a destiny of poverty and oppression.

The possibilities and opportunities for dialogue that will make it feasible for the government to interact with different segments of the population have been replaced by the imposition of policies.

Agenda That Champions the Popular Struggle

For all of the above reasons, we propose a 14-point open agenda for an immediate common struggle:

1. To call upon all workers to undertake a united struggle for a wage that is commensurate with the economic realities of the institutions and businesses of the rural and urban sectors, in view of the fact that the minimum wage is outdated as a benchmark for pay scales and is well below the cost of the basic basket.

2. To take actions to show solidarity with the struggle being waged by education and health workers for larger budgets and decent wages.

Along these lines, the National Workers Front (FNT) backs the initiative to amend the Budget Law introduced by the workers' representatives in the National Assembly, which will make it possible to transfer resources from some sectors to boost workers' wages in the services and police sectors.

Decent Pay in the Countryside

3. To support rural workers' demand for a readjustment of their nominal minimum wage to 15 cordobas per day, taking into account the recovery of the international price of coffee.

4. To defend employment and not allow the government to carry out the 13,500 layoffs of state workers that the World Bank and the IMF are demanding. We call for the organization of a legal-political front to demand immediate issuance of regulations for the Civil Service and Administrative Career Law and the amendment of the Teaching Career Law.

5. To defend our Collective Bargaining Agreements and not allow their monetization. If the government wants to make the job market more flexible, it must first guarantee our historic conquests and the rule of law.

6. To firmly support and defend the nonprivatization of health and education services, and the provision of such services completely free of charge to the people of Nicaragua.

7. To prevent the privatization of the Nicaraguan Telecommunications and Postal Services (Telcor) and the energy sector. We must firmly remind the government that these services are legitimate legacies of the people.

8. To demand that the current government and the future government not continue squandering the economic resources from international cooperation, and that they not tolerate the operation of decapitalizing economic agents.

Trade Unionism as Agent of Development

9. To actively join the struggle for productivity, efficiency, and quality, both to meet our basic needs and to achieve the necessary competitiveness.

It must be clearly established that there is a trade union movement that has become a true agent of development. The workers themselves are in a position to generate their own employment, assume ownership of the means of production, join forces with national and foreign capital, and achieve productivity, efficiency, and quality.

10. To struggle for our constitutional right to share in the control and economic management of businesses and of the public sector, in defense of consumers.

11. To disallow the eviction of citizens who were given lots and housing.

12. To legalize and finally transfer ownership of property negotiated with the workers.

13. To enforce immediately the agreements signed with demobilized troops of the resistance and retired members of the Sandinist People's Army (EPS) and the Interior Ministry and to open immediately sources of productive employment.

14. To call upon students, parents, and workers in general to struggle to make sure that the six percent set aside for university education is calculated into the regular and special revenues of the General Budget of the Republic.

Ramirez On Possible Candidates

95CA0045B Managua EL NUEVO DIARIO in Spanish 8 Nov 94 pp 1, 7

[Interview with Sandinist Renewal Movement leader Sergio Ramirez by Edgard Barberena; place and date not given; first three paragraphs are EL NUEVO DIARIO introduction]

[FBIS Translated Text] The old conservative sector of the Sandinist National Liberation Front (FSLN) that was known as the "Prolonged People's War," whose principle leader is the number one commissioner of BARRICADA, has silently begun to gain control of key positions in the Sandinist Front for the purpose of excluding Deputy Daniel Ortega.

This conclusion can be drawn from the statements made by Dr. Sergio Ramirez, leader of the Sandinist Renewal Movement, who in this second installment refers to the notion of the "third candidate" that the so-called Democratic Left is promoting.

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Here is the continuation of the interview:

Sending a Bill to Daniel

[Barberena] Why do you think the Democratic Left does not want Daniel Ortega to be its candidate?

[Ramirez] Because the old conservative sector of the FSLN, which had no power in the party for 15 years, has now managed to monopolize all key official positions. They have power; that is a demand of theirs that has only now been fulfilled. Without Daniel Ortega, without his personal influence within the grassroots structures of the party, they could never have achieved any success in their operation. But now that they have that, they will try to find a way to eliminate him from the competition for the candidacy.

And here is where the idea of the third candidate comes from: "Not Sergio, the rank and file do not want him because he is on the rich people's side; Daniel is on the poor people's side, but he is totally burned, let him remain as general secretary."

[Barberena] But who would that third candidate be?

[Ramirez] Someone from the Democratic Left wrote an article proposing Mariano Fiallos Oyanguren (currently president of the Supreme Electoral Council). There is also talk of Roberto Teran, president of the Chamber of Commerce. And Antonio Lacayo is not ruled out, either, so the Democratic Left now is against the prohibitions.

[Barberena] Slow down, Dr. Ramirez, this is very explosive! First, Mariano Fiallos.

[Ramirez] Mariano Fiallos is a first-class candidate for any party. If I were asked to make a list of the best Nicaraguans, I would put him among the top five. And I am not saying that just because I am his friend and *compadre* (I am godfather to his son Gil Rodrigo).

The problem is that Mariano, with his easy manner, has a tough hide, and he would never agree to be a docile candidate or a deceitful president. And that is just the opposite of a sectarian. Besides, I cannot imagine Mariano Fiallos sitting down every Friday, taking orders from the National Directorate. I cannot imagine him accepting a campaign in which he is not the central figure, but must defer to the members of the National Directorate.

Narcissism in the Directorate!

[Barberena] Could that happen?

[Ramirez] What do you mean, could it? It already has. In the 1984 campaign, the National Directorate decided that it should wage a propaganda campaign among its members and that the candidates, Daniel and I, should take the back seat. They even sent a photograph of the entire National Directorate and instructed that it be published in the newspapers.

[Barberena] Let us move on to Roberto Teran!

[Ramirez] There are leaders of the Democratic Left, among them members of the National Directorate, who think the candidate should be chosen from outside the ranks of the official FSLN. They believe it should be a businessman, and they think Roberto Teran is that person.

[Barberena] Do you think they have proposed it to him?

[Ramirez] I do not know, I have never asked him. I do not know if he is aware that when Rita Fletes takes him to visit the market, they are testing to see whether he does well with the market women. Those photographs have come out.

[Barberena] Do you consider him a good candidate?

[Ramirez] He is an excellent person, very pleasant. But the problem would be the same: Would he allow himself to be manipulated? Besides, they would have to send the word down through the party structures that this is a candidate of the poor, not like Sergio Ramirez, who is the candidate of the rich.

But besides, the hardliners in the FSLN would have to prove to private business, which Teran represents in any case, that they would be dependable in an alliance. And I think that will be difficult.

Political "Marriage"

[Barberena] What about Antonio Lacayo?

[Ramirez] There is a visible rapport between Mr. Lacayo and the Democratic Left. They are looking for a way to convince the deputies of the Sandinist delegation that the prohibitions are not a matter of principle, that they can be bargained for something else, the Nicaraguan Telecommunications and Postal Services (Telcor) or the property law. A member of the National Directorate complained in a letter that the Sandinist delegation is attacking the administration. That is incredible. The attacks on the constitutional reform by this new alliance have been penetrating attacks designed to pulverize them. If the constitutional reform did not include prohibitions, or if there were no reform, I think the Democratic Left would see Mr. Lacayo as an alternative.

[Barberena] But would that be mixing in lard with the feed [revolver el cebo con la manteca]?

[Ramirez] Well, if we are talking about feed, I know the feed I give my cattle. That feed has always been called "pragmatism." They will look for a way to combine the government's power with their own power to have the seals of the FSLN. And they think they can have the power of the Army.

[Barberena] Would they have the Army on their side?

[Ramirez] I am absolutely certain they would not. The Army is progressing toward modernization and professionalization faster than many thought. The Army leadership knows full well that its strictly institutional role

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depends to a great extent on Nicaragua's stability and on the prestige of the Armed Forces themselves.

Clandestine Businessmen

[Barberena] In a recent speech in Chinandega, you spoke about clandestine businessmen in the FSLN.

[Ramirez] I think that on both sides there are people with property, with businesses. It is not true that there is a Renewal Movement with businessmen and the bourgeoisie, and a Democratic Left with just the proletariat. You have Herty Lewites, businessman, on one side, and Emett Lang, businessman, on the other; Francisco Lacayo, the former fishing minister who has gone back to managing his family's businesses, and Lumberto Campbell, who is involved in forestry businesses; Emilio Baltodano, who runs a shrimp company in Tonala, and Rene Vivas, who heads a security agency.

But there is a difference: Emilio Baltodano does not hide the fact that he is a businessman. He personally arranges the loans, spends most of his time in Tonala, has encouraged other members of his family to invest, and does not preach or rant about private enterprise versus the poor Sandinists while he engages in business activities. He is a man of great talent and much integrity, so he does not go on the defensive or hide his true self.

On the other hand, however, those who supposedly defend the proletarian cause include many clandestine businessmen. That is what I said in Chinandega. There should not be clandestine Sandinist businessmen, not even with pseudonyms.

[Barberena] This necessarily leads us to the problem of the *pinata* [Sandinist government's appropriation of land and property after election defeat]. Why do many Sandinists wonder where the capital came from?

[Ramirez] I know, for example, that Emilio Baltodano started his shrimp company with capital from his family and loans from the Central American Bank of Economic Integration (BCIE). If anyone asks me to put my hands in the fire for Emilio Baltodano, I will do it.

Every Sandinist businessman should be capable of doing the same thing. Be capable of demonstrating to anyone who asks where he got the land on which he has his tractors and trucks, where he got his property, how much he owes to the banks. Because many good people are paying for the sins of others. There are retired Army officers who received land when they retired, fine. There are those who received a house under Law 85, fine. There are trade unions that were given ownership of a company, fine. There are those who decided to go into business for themselves and got bank loans, fine.

Every party official who goes to an assembly where there are unemployed workers who are flat broke, or to a meeting of poor people—if he has a business, if he is a shareholder in something, he should go with his papers and documents, ready to demonstrate that what he has does not come from shady sources. And he should be ready to defend his role as a businessman.

[Barberena] Which means, according to you, that it is not bad to be a businessman!

[Ramirez] Why should it be? This is now a free market and free enterprise country. There are trade union leaders who have become businessmen; there are party cadres who are businessmen. In the name of the free market, free enterprise, and the sacrosanct right that a property owner has to his property, the Democratic Left took over BARRICADA.

[Barberena] What is your relationship with the Sandinist businessmen?

[Ramirez] Many of them support the renewal agenda. They include people who own everything from pizzerias to beauty salons to restaurants, and are involved in everything from coffee to livestock to sugarcane to fishing. Others are managers of businesses owned by the workers. They are people who put their enthusiasm and talent to work for renewal, and now they are devoting that same enthusiasm and talent to their businesses. And they have not ceased to be Sandinists.

[Barberena] I would like to go on to another matter, doctor: your relationship with Antonio Lacayo. The whole country knows that you had a very good one before, and that now there is a distance between you that government officials view with great concern. What is the reason for it? What caused it?

[Ramirez] I admire Mr. Lacayo. I think that as the prime minister of this government, he has done an excellent job, for peace, stability, and reconciliation. But he is paying the price for promoting an economic plan in which he believes, but which the population resents and opposes. And that plan cannot yield favorable results in time to reverse the negative influence of public opinion between now and 1996.

Doors Closed to Antonio Lacayo

I also believe that he is very qualified to be a presidential candidate. He has ability and experience. But the fact that he is a close relative of the president, though it used to open the doors to power, now will close the doors to him. And that is not the fault or the result of a conspiracy by Sergio Ramirez.

[Barberena] Doctor, are the prohibitions seen as your work?

[Ramirez] That is not true. The prohibitions began to weigh down upon the constitutional reforms at the very beginning. From the beginning they were included in the National Opposition Union (UNO) proposal and in the FSLN proposal. As the reforms advanced, so did the prohibitions. It was like a fateful destiny.

If you recall, I stated many times that my position was that all candidates should have the same opportunity,

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that there should be no prohibitions. As a result, the hardliners in the party branded me a "co-governmentist" and a sellout to Mr. Lacayo's interests. As you can see, there has now been a role reversal.

[Barberena] Will there be prohibitions?

[Ramirez] I do not see how there cannot be. Without prohibitions, the UNO would not vote for the reforms, and there would not be enough votes. The same is true of the ban on reelection.

[Barberena] But is your relationship with Lacayo over? You have not answered my question.

[Ramirez] There is a distancing, yes. That is obvious.

[Barberena] And what about Daniel Ortega?

[Ramirez] We have not been able to sit down and talk yet.

FSLN Alliance Considered Unlikely

95CA0045D Managua EL NUEVO DIARIO in Spanish 16 Nov 94 p 6

[Commentary by Erick Aguirre]

[FBIS Translated Text] We are on the threshold of an election campaign. The year 1995 is just around the corner, and it will mark the beginning of the hottest stage of a political contest that will certainly go down in history.

At this point, a party of the stature of the Sandinist National Liberation Front (FSLN) should have begun preparations, or at least plans, for a campaign strategy to face the historic 1996 elections.

The crisis the Sandinists are undergoing at present makes the situation look very confusing, however. Given the wide rift that exists between the two visible factions, one can only imagine two parallel strategies.

A couple of weeks ago, a fellow journalist disclosed an "off-the-record" comment that Commander Henry Ruiz had made, to the effect that, facing the prospect of elections, there might be an electoral alliance between the two factions of the divided FSLN, despite their differences.

In other words, it would be an alliance between two factions, as if they were two different parties. According to my colleague, Ruiz expressed his conviction that the differences between orthodox and reform Sandinists are irreconcilable, but even with respect to those differences, a joint electoral strategy might be devised.

I think this will be difficult, very difficult.

In the last few weeks, these differences have proven to be radical indeed. There are fundamental differences, especially with regard to ethics and the muddled definition of methods and goals.

"Wounds have been opened that may never heal," stated Sergio Ramirez after the attacks and threats began to spew forth from the restored official organ of the orthodox Sandinists.

The way things look now, the differences do indeed appear irreconcilable. And the moderate Sandinists' overtures to the majority political forces represented in the legislature merely indicate that the FSLN orthodoxy is moving further and further away from the political behavior that a prudent left should strive for under the present circumstances.

According to another "off-the-record" remark, this time made by Dr. Ramirez to a small group of journalists, the Sandinists who have in their possession the official seals of the party are planning to go into the elections as the Democratic Left, embodied in the Sandinist Front.

According to this version, they are hastening to cut their ties to any other group that might hamper their efforts to achieve political hegemony inside and outside the Sandinist movement.

Ramirez stated that the headlines with which BARRICADA fired the opening salvos in a fundamentalist war represent an effort to shove people out of Sandinism. "A very hard, very violent shove" that leads to just one conclusion: the impossibility of a political accord between "purists and traitors."

"The schism in the Sandinist Front is practically being proclaimed in a very violent way; I do not see how traitors can fit into a political accord that would preserve the unity of Sandinism," exclaimed Ramirez.

The future of this crisis, given the atmosphere, now appears a little clearer. "If we do not fit into orthodox Sandinism," said Ramirez, "well, we will have to use our own political options."

It is obvious that in the present state of affairs in the FSLN, the Renewal Movement has been backed into a corner, and it is very clear to them that they cannot carry out a political program from that corner.

Conservative Party Leader Views Strengths

95CA0045C Managua LA PRENSA in Spanish 14 Nov 94 p 2

[Report on interview with National Conservative Party leader Adolfo Calero at his home on 11 November, by Ariel Montoya; first four paragraphs are LA PRENSA introduction]

[FBIS Translated Text] The National Conservative Party (PNC) is a multiclass party that has a broad base in the Nicaraguan peasantry. With these words, Adolfo Calero Portocarrero defines the human substance that nourishes the party of which he is currently vice president and aspires to be president, if he is elected at the Great National Convention.

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Calero, an economist and attorney, a conservative of long standing, and formerly the leader of the thousands of combatants in the Nicaraguan Resistance who fought against the Sandinists in the 1980's, spoke with LA PRENSA.

The interview took place before and after breakfast last Friday at his home. Surrounded by an attractive collection of paintings, and after a brief chat about national literature and before going into political matters, he spoke of his father, novelist Adolfo Calero Orozco.

He is fully convinced that the conflict that has arisen in the PNC as a result of the emergence of Ramiro Gurdian's candidacy for party president will not upset the organization's internal structures, "since they (the Gurdian group, supported by current party president Roger Mendieta Alfaro and Juan Manuel Gutierrez) have a complete disregard for the bylaws, the Board of Directors, and the Supreme Council."

[Montoya] Are the positions taken by this group aimed at obtaining a share of power in the party and promoting Gurdian's candidacy at all costs, so that later he can become the presidential candidate?

[Calero] Yes, indeed. It is well known that it is ridiculous to keep talking about presidential candidates at this point. But these positions being advocated by Gutierrez and his team to promote Gurdian, which are contrary to the party's interests, are clearly intended to force negotiations, to intimidate, to gain a share of power at the Great Convention on the 20th of this month.

[Montoya] But Gurdian has said that he has the rank and file...since he has the support of some chairmen of departmental boards. What truth is there in that?

[Calero] What Ramiro said about having the rank and file because he had a few chairmen in his pocket shows his complete ignorance of the bylaws, and that is because he joined the party only four months ago.

Only six days away from the Great Convention, at which the new president of the PNC will be elected for the 1994-96 term, Calero believes that the group pushing Gurdian for the post will fail. If it does, that will virtually assure Calero of becoming the next president of the largest conservative party in the country.

"Apparently, the money and spirit behind Gutierrez's group is Ramiro Gurdian, and some even say that there are others as well. But they are doomed to failure, because an extemporaneous movement in which there are a lot of people who had been working for my candidacy cannot succeed," he stated.

The recent triumph of the Republican Party in the United States is viewed by Calero (who regretted the defeat of his friend Oliver North) as evidence of a fresh wave of conservatism throughout the world. That is more than enough reason to believe that this doctrine is capable of taking power in 1996.

"The triumph of conservatism is the greatest power in the world, and its predominance in countries like Germany, Great Britain, El Salvador, and in South American countries, reaffirm its ideological purity and its aggressiveness with respect to progress."

He also pointed out that in Nicaragua, the conservative movement has championed peace, progress, and alternation in power. "When it has governed, it has never implemented dictatorships," he contended. In the current social process, he maintained, it is necessary to apply the moral and civic models that this ideology espouses.

[Montoya] How do you define conservatism under the present circumstances?

[Calero] It is a multiclass party that promotes human values, which in turn will promote economic development. Its greatest strength has always been in the countryside, where the people have better intentions and a healthier attitude than anywhere else in the country.

"You see, country people's influence and participation in national life have not been felt because the peasants have been abandoned by the governments that have ruled in Nicaragua in the last few decades," stated Calero.

According to the political leader, the centralization of power and the lack of rural development have caused many peasants to come to the city, and the countryside has been orphaned.

Now, the PNC aims to bring about the integral development of the country, giving special attention to the area of greatest potential, the countryside and peasants, he added.

"Those people must be given education, health, technical assistance, marketing, and a credit system so that the present situation, in which a handful of individuals monopolize most of the resources from state banks, can be reversed," emphasized Calero Portocarrero.

[Montoya] What is your view of the sociological concept of "historical parallels" in national life?

[Calero] In principle, conservatism has been overtly nationalist; it has its roots in what it really means to be Nicaraguan. Therefore, it is not receptive to foreign theories and doctrines, and more importantly, it has never made use of irresponsible populism.

"On the other hand, liberalism has been unable to respond to Nicaragua's problems over the last 40 years," he said.

In a more colloquial tone, Calero commented that conservatism has been compared to crab grass: "No matter how much you burn it or stomp on it, it always comes back." After drawing this peasant analogy to a weed, he made a more obvious reference to the emergence of the New Conservative Generation movement:

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The New Conservative Generation is a truly hopeful development, in that a group of young people from liberal and conservative families, not political families, have found in the PNC the vehicle for launching a renewal movement, channeling their youthful energies.

As this group has burst into the established structures of the PNC, however, some conflicting positions have emerged that have upset some of the old guard.

Calero indicated that despite these disagreements, which have arisen because of the way this movement made itself known, the differences have been smoothed over, "and now we are moving together toward a rekindling of what it means to be a Nicaraguan. The syndrome of incompetence and the supplicant mentality are a thing of the past."

Regarding the current situation of the government and the Sandinists, he stated that the present administration is very "weak and hesitant. It lacks decisiveness and popular support."

As for the Sandinists, Calero indicated that they have lost their identity. "They no longer know whether they are communists or social democrats," and they are trying to define themselves in an apparent divorce from the Marxist line that they championed, which has been a failure throughout the world.

The final part of the conversation dealt with the actions he would take as president of the PNC, if he is elected at the upcoming convention. He noted that right now, the party's emphasis has been and will continue to be vitality and renewal.

"If I am elected, I will continue promoting the vitality of renewal and the reorganization of the rank and file. Recently the PNC has been in the news," stated Calero.

He explained that at one time it was necessary to seek out leaders, but now people are competing to lead the party. "I have been practically everywhere in the country, and I have noticed that these people have a desire to participate; there is a widespread popular clamor for leadership in the most isolated and tiny communities," he added.

[Montoya] Based on your assurances, have people switched from other conservative parties to the PNC?

[Calero] Every day members of other groups are joining the PNC, which they consider to be the true conservative party. Entire boards from Muelle de los Bueyes, in the South Atlantic Autonomous Region (RAAS) have joined our ranks.

[Montoya] What repercussions will this have in the upper echelons of the other parties?

[Calero] This grassroots movement must have repercussions in the upper echelons of the various conservative factions, and I think the new board of directors that is to be elected will give serious consideration to this development and will seek a way to unite all conservatives.

[Montoya] So what is the future of conservatism?

Adolfo Calero holds his breath, and then answers with assurance: "We are moving toward the quest for power with an eye on the general welfare, so that there will be *techo, trabajo y tortilla* [housing, jobs, and food]."

[Montoya] Are you not afraid that these proposals will be branded demagogic by the political opponents of your party, yourself, and your ideology?

[Calero] No. You see, we are on the way to a conservative revolution.

Panama

Fifth Anniversary of U.S. Intervention Marked

President's Message

PA2012155794 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Dec 94 p 1

["Message" from President Ernesto Perez Balladares marking the fifth anniversary of the U.S. intervention in Panama issued in Panama City; date not given]

[FBIS Translated Text] Today we commemorate the anniversary of the painful events of 20 December 1989, which filled many Panamanian homes with mourning and inflicted a deep wound on the deepest fabric of our nation.

This is a good occasion to reflect on the historical events and consequences of such ominous incidents. It is time for Panama and the United States to meditate on the causes that prompted the death of citizens of both countries and affected our national dignity.

It is also appropriate on this occasion to reiterate the high value of fruitful dialogue to overcome difficulties, resolve the most difficult problems, and adopt solutions in conjunction with the harmony and respect that must characterize international relations.

Let us solemnly remember the memory of so many people who died on 20 December 1989, and let us renew the commitment to consolidate a free and sovereign fatherland, always inspired by the spirit of democracy and national reconciliation.

Ernesto Perez Balladares

Constitutional President of the Republic

Foreign Minister Comments

PA2012232994 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Dec 94 p A-1

[Report by James Aparicio]

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[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo said yesterday that the U.S. invasion on 20 December 1989 was a "painful and traumatic" episode but that the period of confrontation with the United States had ended.

"Today, 20 December, is a day for all Panamanians to ponder and reflect," said Lewis, who blamed General Manuel Antonio Noriega for the U.S. military action.

Approximately 26,000 U.S. soldiers, 10,000 of them already stationed in the Canal area, invaded Panama when they launched the so-called Operation "Just Cause" early 20 December 1989.

Approximately 500 people, including civilians and soldiers, died, and another 1,000 were injured according to official estimates.

Groups of relatives and human rights organizations contend, however, that approximately 2,000 people died and that most of them were buried in common graves.

Still, they have not presented evidence to back their charges, which are to be corroborated when a group of Argentine forensic anthropologists arrive in January to search for the alleged graves.

Lewis said current relations with the United States are different because they are based "on dignity and respect."

The foreign minister announced he will receive the groups of the relatives of the victims as well as groups from the neighborhood of El Chorrillo, which was destroyed by the invasion, to hear their allegations and demands for economic compensation.

Our current and future relations with the United States are over and above an increase in our commercial and cultural exchanges and in the struggle against drugs, money laundering, and the trafficking of undocumented people according to Lewis.

Lewis, who met with domestic and foreign media reporters on the island of Contadora yesterday, also announced the reorganization of the Foreign Ministry, the creation of a diplomatic school, and the decision to promote foreign investment in Panama, as approved by the Council of Ministers.

The Panamanian foreign minister said two draft bills furthering the reinstatement of the career diplomatic system and the reorganization of the ministry with the establishment of new departments and directorates are at the assembly.

Minister on Cooperation With U.S. on Drug, Money Issues

PA2112023394 Panama City LA PRENSA in Spanish 20 Dec 94 p A-3

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Foreign Minister Gabriel Lewis yesterday said Panama will cooperate with the United States in all matters of a bilateral interest, such as the struggle against drug trafficking, money laundering, and the trafficking of illegal immigrants.

During a news conference held on the island of Contadora, the Panamanian foreign minister commented on relations between Panama and the United States and about compliance with the Torrijos-Carter Treaties.

These treaties, signed in 1977, establish that Panama will assume total control of the Canal at noon on 31 December 1999.

Lewis said: "We will cooperate with the United States in all matters of a bilateral interest, such as the struggle against drug trafficking, money laundering, and the trafficking of illegal immigrants, which is another transgression rapidly spreading throughout Latin America."

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Argentina

Government To Seek U.S. Compensation for Pampa

PY2012190394 Madrid EFE in Spanish 0200 GMT 20 Dec 94

[FBIS Translated Text] Buenos Aires, 19 Dec (EFE)—Argentine Foreign Minister Guido Di Tella said today the Argentine Government will seek compensation from the U.S. Government over the rejection of the Argentine-made "Pampa 2000" plane from a bid.

He said during a news conference: "We usually seek compensation when a bid is lost."

Di Tella explained that the compensation might involve Argentina becoming a "parts supplier" for the model that wins the bid. He added that other bidders may have the same idea.

Concerning the rejection of the "Pampa 2000," he said the plane has extremely sophisticated technology that requires specific and sophisticated pilot training.

Di Tella noted that the chances the United States will reconsider its decision are "minimal," but added: "We should not overlook some other possible benefit."

Di Tella said: "The Pampa plane is expensive because it is the best. We excelled technically and, for this reason, more training is required to pilot it. Well, such is trade."

Menem Predicts Better 'Ties' With Peru

PY2012194294 Buenos Aires TELAM in Spanish 0157 GMT 20 Dec 94

[FBIS Translated Text] Buenos Aires, 19 Dec (TELAM)—President Carlos Menem today emphasized that during 1995 Argentina and Peru will enhance trade, and political and cultural ties. He also called for a strengthening of regional integration.

Menem said: "In 1995 we will enhance our communication channels and improve bilateral relations in all areas to achieve wellbeing and progress for our people."

During a ceremony at the National Museum of Decorative Arts, the president tonight decorated Peruvian President Alberto Fujimori with the Collar of the Order of the Liberator General San Martin.

Former President Maria Estela Martinez de Peron, Foreign Minister Guido Di Tella, the three chiefs of staff of the Armed Forces, Chamber of Deputies President Alberto Pierri, and former provisional President Italo Luder participated in the ceremony.

In a brief speech, Menem said: "Our two countries, which share a common history, must now accept the challenge of enhancement and regional integration."

Menem praised Fujimori because "he wages an unrelenting battle to fully regain the principles and traditions of our Peruvian brothers."

After reviewing the process experienced by Peru before Fujimori's inauguration, Menem emphasized that his "firmness, knowledge, and statesmanship enabled the defeat of one of the toughest movements: the Tupac Amaru [Revolutionary Movement]."

Menem said he trusted Fujimori's remark that the terrorist Shining Path group would be vanquished "in 1995, at the latest."

Menem believes this movement "is linked to drug trafficking and terrorism at an international level."

Menem emphasized: "Nevertheless, this Peruvian president managed to reverse a difficult economic situation with a project that is more or less similar to the one we Argentines implemented in 1989."

Fujimori thanked Menem for the decoration, recalled [Liberator General Jose de] San Martin, and expressed his willingness to work jointly for the two nations and for American integration.

Fujimori Holds News Conference

PY2112021494 Buenos Aires TELAM in Spanish 2215 GMT 20 Dec 94

[FBIS Translated Text] Buenos Aires, 20 Dec (TELAM)—Peruvian President Alberto Fujimori today emphasized that Peru does not receive any kind of Argentine assistance in the struggle that the Peruvian Armed Forces are carrying out against the terrorist Shining Path group.

Fujimori emphasized: "The technology that we have been using is entirely Peruvian. There is no influence whatsoever from Argentina, the United States, or any other country."

Fujimori particularly emphasized the battle that his government is waging against this terrorist movement, which "is committing sabotage against engineering battalions that are opening roads in the jungle."

Fujimori underlined that "the Army's reaction was quick and effective; we are pursuing this struggle and we will not retreat."

Fujimori held a news conference at the Olivos presidential residence this afternoon shortly before signing, along with his host, President Carlos Menem, a joint communique as part of his official visit to Argentina.

Fujimori emphasized that Peru is regularizing the $86 million debt with Argentina.

The Peruvian president noted: "We are regularizing all the negotiations." He ruled out the existence of any kind of pressure from the Argentine Government for settling the liabilities.

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In response to a question, Fujimori confirmed: "There are no restrictions. Quite the contrary, there is great trust, even in Peru's domestic legal security."

The visiting president pointed out that a possible debt settlement with Peruvian Government bonds "is still an unresolved issue."

Fujimori emphasized that the implementation of the Common Market of the South (Mercosur) on 1 January represents "a bold and positive step" that Peru might join "within about three years."

Fujimori believes, however, that the full integration of the regional bloc including Argentina, Brazil, Uruguay, and Paraguay is "somewhat hasty."

President Fujimori emphasized that "sooner or later Peru will be integrated (into Mercosur), separately or through the Andean Pact," because "we are very interested" in this proposal.

Fujimori noted that the investments of Argentine companies in Peru "are significant," and mentioned the Bridas Group with $110 million in investment.

"These companies are joining in Peru's positive development" by participating in the privatization process implemented by the Peruvian Government, Fujimori said.

Fujimori said that Argentine economic groups are "very interested" in the energy, railway, and oil exploration and exploitation areas.

Fujimori pointed out that after the talks he held in Argentina during his two-day official visit, he confirmed the interest of "15 new investments" in the area of oil refining and exploitation in Peru.

After the news conference held in the Olivos residence movie room, Fujimori toured the residence along with President Menem. Afterwards they met with officials from the two countries to sign the agreements.

Menem Names Two Army Generals for Peacekeeping

PY2012143894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2007 GMT 18 Dec 94

[FBIS Translated Text] Buenos Aires, 18 Dec (NA) —President Carlos Menem revealed today that two generals of the Argentine Army will travel in January to Cyprus and Croatia, where they will take over as commanders of the peacekeeping troops that the United Nations has deployed in those areas of conflict.

Menem also stated that Germany has asked the Argentine Government for a member of the Armed Forces to "gives classes on how peacekeeping forces conduct themselves throughout the world."

"These are the great achievements of a totally united people—government, people, and the Armed Forces," he stressed.

The head of state also said that this is due to the "prestige that we have earned," and to the decision regarding sending troops to the Persian Gulf; Croatia; Cyprus; and, subsequently, Haiti.

"I recall that I was harshly criticized when I decided, completely alone, to send Argentine military personnel on those peace missions. Now you are seeing the results," he said.

Menem Discusses Drug Trafficking Issue

PY2012215694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1525 GMT 20 Dec 94

[FBIS Translated Text] Buenos Aires, 20 Dec (NA)—President Carlos Menem today confirmed that he favors the death penalty for drug traffickers and those who rape and kill minors. He said the drug trade throughout the world involves $600 billion per year.

The president said, however, he does not plan to submit a bill to Congress to establish the death penalty in our country. Menem said that during the electoral campaign that took him to the presidential chair, he received the greatest ovations from mothers when he spoke of the death penalty for "death traffickers."

Menem made these remarks during and after a ceremony this morning at the Cervantes Theater where he delivered the "Giovanni Falcone" award to Alberto Lestelle, the secretary for the prevention of drug abuse and for the antinarcotics struggle. This award was instituted by the Buenos Aires Province Government for those who excel in fighting this scourge.

President Menem, Buenos Aires Governor Eduardo Duhalde, Education Minister Jorge Rodriguez, Justice Minister Rodolfo Barra, Secretary Lestelle, and Juan Yaria, the secretary for the assistance and prevention of drug abuse of Buenos Aires Province, were on hand.

Judge Roberto Marquevich, Juan Tobias, Monsignor Emilio Ognenovich, entrepreneur Raul Kraiselburd, Doctor Carlos Klerk, Doctor Alfonso Del Giudice, Principal Commander [Prefecto Principal] Oscar Correas, Doctor Eduardo Tanquina, Inspector Gustavo Daniel Callo, First Sergeant Ruben Horacio Talchere, and First Sergeant Raul Oscar Sansan received achievements certificates.

Menem praised Lestelle's activities and remembered his unsuccessful effort to get a bill passed on the establishment of the death penalty against drug traffickers, a bill that was not reviewed in Congress due to the fierce opposition it aroused.

The president expressed his gratitude to those who received the certificates for struggling against "one of the most serious scourges afflicting the community."

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Menem noted: "When I was inaugurated with [former Vice President Eduardo] Duhalde, I firmly pledged to establish a secretariat to struggle against drug trafficking."

He indicated that, during the electoral campaign, "I received the greatest ovations from mothers when I said the death penalty was needed to fight death traffickers."

Menem then added that "Lestelle was criticized and his private life exposed" in an effort to discredit him.

Speaking to Lestelle and applauded by the audience, Menem emphasized: "Don't worry, Alberto, what really matters is what your friends, the president, and Governor Duhalde believe. They staunchly support you."

Menem noted that it has been decided to wage a battle "in every field" against drug traffickers, but emphasized that this action "will not be positive unless we have the support of the community, non-governmental organizations, and especially families."

After enthusiastically eulogizing the security forces, Menem said drug trafficking throughout the world involves $600 million per year.

The president emphasized: "With this type of money, it is possible to purchase the consciences of politicians, government officials, and judges." He pointed out that Italian Judge Giovanni Falcone "maybe paid with his life for his attacks on the mafia and drug trafficking." The Giovanni Falcone award was instituted in Argentina as a tribute to the Italian judge.

Duhalde said Lestelle received the award "for his courage" and his effective work in drug enforcement. Duhalde remembered that "18 attempts were made against the life of Judge Falcone, whom he met in Italy."

Duhalde emphasized: "I met him. I think he was alone, that he had been abandoned by his country's leadership." Duhalde later noted that it is necessary "to surround" the Argentine leaders who struggle against drug trafficking, and thus protect them.

UCeDe Names Menem Presidential Candidate

PY2012182794 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2224 GMT 18 Dec 94

[FBIS Translated Excerpt] Buenos Aires, 18 Dec (NA)—The Democratic Centrist Union (UCeDe) today decided, by an ample majority, to proclaim as the party's candidate for the 14 May 1995 elections President Carlos Menem. It also authorized Deputy Alvaro Alsogaray to begin talks with the chief of state.

Representatives from 20 electoral districts participated in a meeting at a hotel in this capital. The representatives debated for seven hours the proposal to proclaim Menem as the UCeDe candidate.

The liberals also resolved in principle to nominate Pablo Calvetti as president of the National Convention, while the post of first vice president went to Carlos Filipini (Buenos Aires), Carlos Bianco (Cordoba) was named as second vice president, and Jorge Bouquet (Federal Capital) was named secretary general.

Following the election of the Convention's authorities, representatives debated a proposal submitted by the party's National Committee which proposes talks to name the current chief of state as the UCeDe's presidential candidate in the upcoming elections. [passage omitted]

Former Military Factory Handed Over To IAMP SA

PY2012170394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1606 GMT 19 Dec 94

[FBIS Translated Text] La Plata, 19 Dec (NA)—At noon on 19 December, Defense Minister Oscar Camilion signed a document transferring the former Pilar Military Factory, which is located in that town, to the enterprise IAMP SA in an operation involving more than $2 million.

The offer of $2.025 million comfortably surpassed the base price of $1.25 million that was established by the national appraisal tribunal and the offers that were made by two other enterprises interested in purchasing the factory.

The transfer contract was signed at noon today in the Defense Ministry with the participation of Minister Camilion; Privatizations Under Secretary Horacio Rodriguez Larreta; the Military Industries Directorate's individual temporarily assigned to handle or straighten out a given situation, Luis Sarlenga; and representatives of the purchasing enterprise.

The former military factory produced components for fireworks and explosives, and, according to its purchasers, one sector of the factory will continue to produce those elements.

IAMP SA has promised to retain the 83 employees working in the factory.

Bolivia

Editorial Outlines Objectives of Summit

PY2012205394 Santa Cruz EL MUNDO in Spanish 10 Dec 94 p A5

[Editorial: "The Summit of the Americas"]

[FBIS Translated Text] Although the Miami Summit will begin to yield its fruits only during the next century, the decisions that might be made will show the path on which our nations will begin to walk as of today.

The main points of the agenda of the hemispheric meeting deal with an interrelated America, as pointed out by President Clinton in his opening speech. "The

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creation of a free trade zone, strengthening democracy, and improving the quality of life" are, in sum, the proposals of the summit.

From the U.S. point of view, the Summit of the Americas implies some provisions for the 21st century. The large economic areas built by the European Community and the Asian countries—together with Japan and China—are the decisive reasons for the United States' turning its interest toward Latin America. As Clinton very aptly told his fellow citizens, "for the year 2005, U.S. exports to Latin America will have doubled, and will have allowed the creation of 1 million job opportunities." And not only that, but by 2020 the United States will have a Spanish-speaking population that will be the second largest in the world after Mexico.

If relations between the two Americas are seen in perspective, there are no reasons for underestimating the Miami summit. In any case, no one should expect immediate changes. Ahead of us now is the work that each of our nations has to do in order to join the world economy, and new "summits" that will lead to a better understanding between Latin America and the United States.

In principle, we agree with those who believe that the summit has a noble objective and a set of medium- and long-term objectives. The rest will depend on the joint actions that new governments might adopt. In any case, the entry of the Latin American community into the North American Free Trade Agreement (NAFTA) is just a matter of time, and will depend above all on the economic development levels that each of our nations can reach. The entry of Chile into NAFTA is practically taken for granted because of what it has already achieved.

As the integration of the Americas is achieved, and with it the opening up of trade, we will continue to talk about fighting drug trafficking, a scourge sustained by what are truly transnational companies; about democracy; and about the preservation of the environment. What will finally be said about these matters is predictable, although it is difficult to know the level of the U.S. commitment to fight in a joint manner, so that countries like ours will be able to develop their economies to a sufficiently strong level to be able to defeat the coca business, the ramifications of which are becoming increasingly more evident throughout the world.

Concerning the environment—another unavoidable issue—we feel that saving animal and plant species from extinction, and preventing the pollution of the environment by restricting the production of gases that cause the greenhouse effect, is a matter that concerns mankind. The Miami Summit can very well make recommendations about this so that the nations of the continent can adjust their respective laws appropriately.

In any case, neither the Summit of the Americas nor any other summit can replace our own efforts. The true battle for progress will be waged by ourselves, within our borders, because nothing that is not achieved by ourselves will emerge as if by magic. The free trade zones imply, above all, the exchange of merchandise. Participation in those expanded economies, under equal conditions, can only be achieved by growing on our own initiative in the economic and human order.

Editorial Favorably Views Americas Summit

PY2012202094 La Paz HOY in Spanish 12 Dec 94 p 5

[Editorial: "The Summit of the Americas and the New Era of Opportunities"]

[FBIS Translated Text] The Summit of the Americas has launched a new era of opportunities for the peoples of our hemisphere. As expected, no specifics are yet available but the Declaration of Principles and the Plan of Action that the 34 chiefs of state and government signed lead us to believe new prospects for the development of their peoples have been opened.

We are undoubtedly facing an ambitious challenge whose ultimate objective is to better serve the needs of the people, especially the most vulnerable strata. Our countries are striving toward this objective but if now the poorer nations can count on the support of others, it will mean significant progress has been made toward solidaristic integration, not just better trade.

Declarations of principles are usually very interesting and even somewhat utopian. In this case, however, the first step has been taken simultaneously with the declaration because there is already an approved plan of action. Although it is clear that the main problem facing the implementation of this plan will be funding, the good thing is that the tasks that have to be carried out to direct common efforts toward specific objectives have already been done.

If we were to draw a comparison between the Summit of the Americas and the similar meeting in Punta del Este in 1967, our attention would be drawn to the fact that in Miami, the representative of the wealthiest country in the hemisphere has not proposed a package of financial aid. Some analysts believe this shows President Clinton was not prepared to deal with issues like lightening the heavy debt burden that our countries bear, or the need for significant infrastructure projects.

If we acknowledge, however, that the cornerstone of this summit should be the reconciliation of interests and the quest for solutions to shared problems, a welfare approach would have been incoherent. On the contrary such an approach could have upset relations between Latin American countries and the United States.

The issues addressed in the Pact for Development and Prosperity of the Americas are not only important but also broad. The key interests of the various countries have been taken into account, especially those that are shared by many countries. The fact that economic,

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social, political, cultural, and environmental aspects have been taken into account is also praiseworthy.

In any case, the main subject was integration, with a view to establishing the Free Trade Area of the Americas. Concrete initial steps in this direction were defined through a number of ministerial-level meetings that will take place through March 1996.

The various fields of action offer a number of interesting possibilities that will be successful or not depending to a great extent on the ability and dedication of each of the signatories.

We believe our government must create an organization to ensure that Bolivia strictly complies with its plan within the framework of this international agreements, without neglecting the integration projects underway. The Chilean finance minister is undoubtedly right in his pragmatic approach when he says NAFTA is a reality while the summit proposals are simply goals. Let us hope our government will bear this in mind.

Commentator Views Summit Results 'With Optimism'

PY2012170194 La Paz PRESENCIA in Spanish 13 Dec 94 p 3

[Commentary by Joaquin Aguirre Lavayen: "Beyond the Horizon"]

[FBIS Translated Text] Last weekend 34 leaders of the Americas marked the field (a term used in football) setting the rules of the game for creating in principle (by the year 2000) the world's largest common market, headed by the greatest world power, which now needs to grow and live together with the Latin American countries (as President Bill Clinton said in his opening speech in Miami).

There are no hands outstretched to beg; business is business! [preceeding three words in English]

Everyone recognizes that this market will be "good business" [preceeding two words in English]; therefore, we dare to look at the future with optimism by assuming that the Free Trade Area of the Americas will be a two-way street and that the scheme by which the rich get richer and the poor get poorer will not be applied.

Within the framework of the gross domestic product of the Americas, Bolivia is so small, it does not even represent one half percent of the hemispheric gross domestic product. But at the Miami Summit, the United States and the other 33 countries attending the conference treated Bolivia with a deference usually reserved only for great countries. We must feel very pround of our country and our president for the deference with which Bolivia was treated in Miami through President Gonzalo Sanchez de Lozada.

In his opening speech, Clinton mentioned Bolivia as a good example of the new changes in the Americas. Sanchez de Lozada received the honor of opening the summit's debate with a speech. Bolivia was also chosen to host the next Summit of the Americas on sustained development. We must be doing something good to deserve such distinctions.

I believe the time has come to put aside our internal quarrels and unite our efforts for national development. We can be proud of the path covered since Victor Paz Estenssoro and Hugo Banzer Suarez joined their efforts 10 years ago, with patriotism and unselfishness, to give Bolivia a healthy democratic governability. What a beautiful lesson!

The progress made through three democratic administrations has been significant. This continuity is giving Bolivia an international credibility that is reflected in the agreement signed in Miami between the YPFB [Bolivian Government Oil Deposits] and the U.S. company Emro for making the gas pipeline to Brazil a reality after 20 years of frustrations.

Commentator Examines Challenges of Integration

PY2012184094 La Paz PRESENCIA in Spanish 13 Dec 94 p 3

[Commentary by Jose Gramunt de Moragas: "A New Utopia Was Born"]

[FBIS Translated Text] A new utopia was born, another one! The Americas united in their democratic convictions and integrated economically as never before through free trade. Congratulations are being heard all over on the success of the summit of 34 state leaders, which foresees better days for their countries (Cuba remained entrenched because of Castro's stubborness). The rich of the region can see their profits assured. The poor hope to see a miracle.

The new initiative should be looked upon as a renewed effort by this part of the world to overcome its own evils. The evils affecting the rich countries (depredation of nature, drugs, corruption....) and the evils of the poor (misery; ignorance; dependency; and, likewise, drugs and corruption). If the formula achieves a reasonable success, it will influence the rest of the world.

It would be stupid and obstinate defeatism to deny the good prospects of the new continental plan. But it would also be very silly to trust in its miraculous effects. It is not in the hands of people to make miracles. Almost a century ago, half the world had "scientific faith" in Marxist socialism. Even their followers are now surprised at how they were led for so long by that messianism which took so many lives and freedoms.

The Summit of the Americas has just created a new redeeming prophesy whose divinity is the market. It is bad to believe in false gods. It is true that the free trade among nations of this hemisphere will stimulate thousands of creative initiatives of wealth, employment, and

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culture (a new culture). But it is also true that mercantilism left at its own mercy creates the great mafias of the political and economic power that share and monoplize the markets for their own benefit, to the detriment of the poor, the ignorant, and the downtrodden of all times.

This is why it is advisable to observe the Miami trade-oriented festivities, if not with stubborn skepticism, at least with moderate enthusiasm. The credibility of the new plan will depend on how the agreements are implemented; on how economic integration proceeds in an atmosphere of solidarity (the rich cooperate with the poor instead of the big fish eating the little ones); on how the barriers of nationalism fall (the big countries giving up their dominant power and the little countries overcoming their quarrels); on how the little countries, instead of begging, use their imagination to manage themselves correctly and to offer new and better products (many of which lie dormant by inertia); and on how the big and little countries defeat the corruption invading all of them under the mercantilist "ethical principle" of making profits at any cost.

These and the other goals proposed by the countries that signed the agreement will require a great deal of historical sensibility, which means a collective awareness of the reciprocal responsibilities in the formation of a world that is changing inexorably. If the change is not guided by lucid, solidaristic, and just minds, it will be guided by egotistical, dominant, exploiting, and criminal minds.

One of the great advantages these countries have is their capacity for open discussion of ideas. And regarding trade, there is the possibility of stressing the European option if the inter-American option strays from its promises.

CNI, UN Sign Antinarcotics Agreement

PY2112023994 Cochabamba LOS TIEMPOS in Spanish 9 Dec 94 p A6

[FBIS Translated Text] La Paz—The National Chamber of Industry [CNI], the UN Drug Control Program (UNDCP), and the UN Industrial Development Organization (ONUDI) yesterday signed an agreement to strive "for a Bolivia free of drugs and against production, trafficking, and abuse (of narcotics)."

The agreement was signed by Sandro Calvani on behalf of UNDCP, by Carlos Cortez, first CNI vice president, and by Oscar Freudenthal on behalf of ONUDI.

Before signing the agreement, representatives of the organizations met to define their common desire to coordinate efforts to cooperate in the struggle against drug trafficking by creating feasible and sustainable alternatives.

The parties voiced "their desire to strive for a Bolivia free of drugs, and against the production, trafficking, and illegal use of drugs. This scourge damages the country's image before international forums, affecting the work carried out by private businessmen in Bolivia."

According to the joint declaration, each party will support the activities of the other parties as it deems most appropriate.

UNDCP will supply information and technical assistance on subjects related to drugs and work sites and the struggle against money laundering.

Moreover, the agreement states that UNDCP will finance the initiatives of the other parties related to the objectives of this agreement.

CNI will support UNDCP efforts to mobilize civilian society, including national enterprises and their workers. Moreover, CNI will respond to ONUDI efforts to implement industrial and commercial initiatives in the coca-producing areas. The two organizations also decided to hold as many meetings as necessary to make decisions on specific initiatives.

Brazil

Foreign Ministry Official Lauds Summit

PY2012180294 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Dec 94 p B2

[Commentary from the "Notes and Information" page by Roberto Abdenur, secretary general of the Brazilian Foreign Ministry: "The Summit of the Americas"]

[FBIS Translated Text] There are times in the history of relations among states that acquire historic significance. The Summit of the Americas clearly falls within this category. In light of the characteristics of the process of negotiations, of the far-reaching commitments signed, and of the prospects opened for hemispheric cooperation, the conference held in Miami from 9 to 11 December may be credited with setting up a new framework for relations among countries of the Americas.

From the outset, Brazil did its best to make the conference a success. Several factors caused the initiative to be particularly timely. The unprecedented convergence existing today in the Americas over common values such as defense of democracy and economic freedom, respect for human rights, and protection of the environment have been conducive to promoting high-level political talks and to stimulating development.

Similarly, remarkable Latin American efforts for the cause of peace and the removal of the threat of nuclear proliferation, as well as successful trade liberalization and economic integration agreements, have demonstrated that the region is adequately mature to undertake joint cooperation projects. As part of the backdrop, the end of the Cold War has been instrumental in gradually eliminating ideological conflicts and in favoring understanding and democratic coexistence among nations.

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Due to various circumstances, Brazil assumed a special role in preparing the meeting. The Brazilian Foreign Ministry has served as the temporary secretariat of the Rio Group in 1994 and, since the start of the second half of this year, it has also had to serve as the temporary secretariat of the Common Market of the South (Mercosur). Brazil also hosted the OAS General Assembly this year. Thus, we started to work to prepare the Miami summit even before receiving from our U.S. hosts more specific guidance as to the scope they wanted to give to the Miami talks. We have always tried to put into motion a truly multilateral exercise in which, on the Latin American front, the Rio Group would play a decisive role in the talks with the United States. We believed that it was not our role to act as intermediaries in an orthodox negotiating process.

Rather, we assumed the responsibility of identifying and coordinating the interests of each country involved in order to ensure and to broaden the convergence of principles and objectives. We discouraged overly ambitious proposals or charity-type aid. Yet, we did not hastily predict frustrations or failures. We began with the assumption that the summit would be successful if the first step was taken toward building a true hemispheric partnership in which hegemonic or paternalistic attitudes would give way to an open, balanced, and truly democratic dialogue.

Our firm persistence proved to be correct. All participants have expressed their appreciation for the Brazilian diplomatic effort. Our Latin American neighbors remainted cohesive, coherent, and realistic, and our developed partners of the hemisphere demonstrated a sincere inclination to be flexible. Thus, it was possible to reach agreements at the highest level, despite the major differences existing between the United States and the Rio Group, both in terms of "philosophy" and of the methodology of the documents being negotiated, as well as in terms of the very content of the many proposals examined.

It is appropriate to highlight some specific results. First, the Summit of the Americas will not become an isolated event. The "Partnership for the Development and Prosperity of the Americas" includes objective recommendations regarding meetings and dates for implementing the major guidelines outlined in the Declaration of Principles; that is, to preserve and to strengthen the community of democracies in the Americas, to promote prosperity through economic integration and free trade, to eradicate poverty and discrimination, to guarantee sustainable development, and to preserve the environment for generations to come. Without setting a date, it was agreed to hold a second summit that would continue the process started in Miami. Thus, the door is now open and the agenda defined for a continuing dialogue in the hemisphere.

Second, the summit was not limited to rhetoric and recommendations. It established an agenda of meetings among ministers that will begin next January so as to pave the way for the conclusion, before 2005, of the negotiations leading to the creation of a "Free Trade Area of the Americas."

While many countries defended the year 2000, Brazil and the United States clearly showed their preference for 2005, which is more realistic and prudent, and also serves to safeguard from undesirable disturbances the efforts to consolidate the existing subregional groups and initiatives, like the Mercosur and the ALCSA [South American Free Trade Zone]. This is not all. The plan of action is described in 25 pages, in which the heads of state and government of the Americas assert their commitment to many concrete actions and predetermined, precise tasks.

Another result of special relevance is the reevaluation of Latin America in the eyes of its trading partners in the continent as well as, consequently, its international role. The renewed Latin American unity shows the rest of the world that the Americas together form the largest geographic area with integrationist ambitions. Let us not forget that in comparison with the APEC [Asia Pacific Economic Cooperation]—to mention one integration model lately in fashion—the Latin American community stands out for its exceptional conditions of cultural, economic, and political homogeneity as well as its institutional patrimony.

It must be remarked that the summit has stimulated the inter- American institutions. The Mercosur received prestige, while the OAS and the IDB [Inter-American Development Bank] were given new and important attributions. In turn, the Rio Group emerged from Miami with new vigor and value. Formerly regarded with distrust by the United States, the Rio Group is now recognized as a valuable factor of dialogue and cooperation.

The participation of Brazil in the working meetings in Miami was marked by the simultaneous presence of President Itamar Franco and President-elect Fernando Henrique Cardoso. With this, Brazil has given an eloquent example of democratic maturity, harmony, and continuity. Their presence has added significance to the words uttered by our representatives and the presence of Brazil has likewise given a democratic sense to the event.

Observers and participants echoed the Brazilian president-elect's assessment that the Miami summit marked a virtual "revival of the Americas"; that is, the revival of the spirit of community, which had been somewhat jeopardized in the past few decades, and that of political and economic concepts in light of institutional improvements and of the new priority given by Latin America to resolving social problems.

A deep impression was created by President Itamar Franco's statement at the closing session, in the name of the rest of the South American presidents, to the effect that the summit has encouraged "the Americas to

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acknowledge their intrinsic fraternity and head toward a future of peace, equality, and harmony on a world scale."

Thanks to the efforts of Brazilian diplomacy, the Summit of the Americas will certainly be the catalyzing element that will allow the peoples of the Americas to transform their exceptional coincidence of common values and aspirations into concrete and efficient measures of cooperation among the governments of the hemisphere in the service of the development, prosperity, and social justice of our countries.

Angra-1 Nuclear Plant Reopened in Rio

PY2012233094 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 20 Dec 94

[Report by Cristiane Ribeiro in Rio de Janeiro]

[FBIS Translated Text] The Angra-1 nuclear plant, which was shut down in 1992, has reopened and is now operating at full capacity.

The Angra-1 plant was hooked up this morning to the southeastern power grid. It is generating 656 megawatt hours; that is, it is operating at full capacity. It will, however, gradually reduce its production to 30 percent of capacity, which is the percentage needed for good operation of the power grid serving the states of Rio de Janeiro, Sao Paulo, Minas Gerais, and Espirito Santo. Angra-1 was shut down early in 1992 when the radioactivity level increased due to faulty fuel rods. General maintenance was then performed at the plant, but it was not reopened because of the lack of approval of an emergency evacuation plan, which was only approved last month by the Angra dos Reis city government. The Strategic Affairs Secretariat immediately approved the reopening. Over the past two days the plan has been turned on and off for testing purposes.

Furnas Electric Power Plants Inc. lost nearly $140 million in energy sales due to the shutting down of the Angra-1 plant.

Chile

Arriagada on Socialists, Privatization

95SM0076C Santiago LA NACION in Spanish 4 Nov 94 p 4

[Interview with Minister Genaro Arriagada, secretary general of the presidency, by Juan Andres Guzman; date and place not given; first two paragraphs are LA NACION introduction]

[FBIS Translated Text] On theoretical matters Arriagada dances and moves with ease. The issues that most interest him are modernization in its three aspects (political, social, and economic), and the time frame for agreements and discussions; the target date is the meetings which the PS [Socialist Party] will hold this weekend, and the DC [Christian Democracy] will hold on 12 and 13 November.

It is on the humar level that Arriagada is not so surefooted. Excessively cautious about German Correa's hasty departure from the Ministry of the Interior, he gives the impression that, despite official statements, that issue has not been settled. Something bothers, disturbs, or upsets him when the subject is raised.

[Guzman] Former Minister German Correa seems distressed in the interviews he has given. Do you understand that?

[Arriagada] I do not want to judge German or his statements, but I think that the logic of the state sometimes causes necessary decisions to seem harsh from a personal point of view, but essential from the point of view of the nation.

[Guzman] Have you talked about that with Correa?

[Arriagada] No.

[Guzman] Do you not think that is strange? Because in the past you supposedly talked every day.

[Arriagada] I am not going to comment on anything that could be taken as detrimental toward him.

[Guzman] Then tell me, how are relations with the PS?

[Arriagada] Very good, as always.

[Guzman] They do not hold you responsible for the failure of the political design?

[Arriagada] We all bear some responsibility for that, and I accept mine for having proposed the design. Everyone's responsibility, as many people have acknowledged, is that they accepted it enthusiastically. The important thing is not so much to have been wrong, for nobody can avoid that, but to correct things in time. But I am not going to engage in the game of criticizing either directly or indirectly people who were my colleagues. I esteem and respect Correa and [Victor Manuel] Rebolledo.

[Guzman] How are relations with the new political troika?

[Arriagada] Excellent. From an operational viewpoint many things have been worked out.

[Guzman] What are you doing so that things are working better now?

[Arriagada] We have a minister of the interior who is a cabinet leader, which is a good thing. It means more consistency in making decisions and better coordination with the parties.

[Guzman] Has coordination with the PS improved without Correa as a minister?

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[Arriagada] I will say that relations with the parties are very good because they meet with the president periodically. In reality, the differences between this team and the previous one are not very great. In politics, changes in nuance and emphasis may cause some very different results, and that is what has happened.

[Guzman] Still, in the PS people are saying that there is a big change because they were left out of La Moneda.

[Arriagada] I do not agree. How is a party that has the minister of foreign relations and ministers as important as [Jorge] Arrate, [Luis] Maira, and Ricardo Lagos being left out of La Moneda? In the last 50 years, with the exception of Allende's government, the PS has not had greater participation in ministries and cabinet departments than it does now.

[Guzman] Does this lead you to conclude that for the right, its past divides it and its future brings it together, while for the Coalition [of Parties for Democracy], its past unites it and its future is dividing it?

[Arriagada] Not so. The Coalition has a very promising future since it managed to take a position on the issue of bringing off the most important opportunity Chile has had this century, and has begun work on modernizing education, infrastructure, and productivity.

[Guzman] When you say modernizing, does everyone in the Coalition mean the same thing?

[Arriagada] Yes.

[Guzman] And what can you tell me about the disagreements on the "modernization" of Tocopilla or of the sanitation services?

[Arriagada] Well, taking Tocopilla as it if were the entire Codelco [Copper Corporation] policy is telling a halftruth.

[Guzman] But the fact is that problems arise in specific cases.

[Arriagada] Okay, on that level it is likely that we may have differences in emphasis. But on the issue of privatizations we are moving forward in a fairly united way.

[Guzman] Still, Escalona said on the issue of sanitation services that "the conditions needed for selling these public enterprises are not present..."

[Arriagada] Saying that our policy on drinking water and sewage systems is only the privatization of state assets makes a caricature of the issue. Our policy is defined with parameters like associations with private companies to obtain better service coverage and the search for a regulatory framework so that better systems of regulation and subsidies can be set up for people who cannot pay.

[Guzman] There is a question about whether the modernizations require the consensus of the Coalition or whether they may be, like the cabinet change, a purely presidential decision.

[Arriagada] If you tell me the government can not make a move because there are vetos, that is wrong. It is our obligation to govern and the worst that could happen is for the government to be debating in a vacuum.

[Guzman] What is your evaluation of the political cost of a privatizations package?

[Arriagada] That is not the problem, but rather accepting that at the end of the century we will have a concept of the state's role that will be different from what we knew in the 1940's and 1950's. The present state is reducing its entrepreneurial role and shifting its focus toward areas like education, health care, and regulation.

[Guzman] But, to take one example, do you think the coal miner understands that, or does it entail a major political cost for the Coalition?

[Arriagada] I have no doubt that it is difficult to accept that modernization. Our parties are associated with an interventionist concept of the state, and it is obviously easier for us to accept political and social modernizations. But if we want to grasp this historic opportunity, we have to aim at the three dimensions of modernization.

[Guzman] On the issue of constitutional reforms, you have spent four months presenting packages, debating, negotiating... What is going on now?

[Arriagada] We are working constantly to improve political life throughout this entire government administration.

[Guzman] But with the right's present attitude, that is a just a token gesture.

[Arriagada] Well, we can not carry pragmatism to the extreme of introducing only bills with which they will agree. If that were the case, politics would lose one of its most important purposes, which is to create awareness. It does not upset me to lose on a bill if that means creating greater awareness among the people.

[Guzman] But if bills were presented in another way, there could be a group of reforms that might pass...

[Arriagada] Yes, but the government cannot do only what the opposition allows it to do. Whether you win or lose, these issues are part of our heritage, and we have to promote them. In addition, I am sure that sooner rather than later we are going to succeed in getting these reforms through.

[Guzman] Is the reform package divisible?

[Arriagada] No.

[Guzman] Well, maybe Deputies Viera-Gallo and Cornejo did "leave you holding the bag" by proposing that, as Schaulsohn said...

[Arriagada] No coalition has even been a choir of angels. But that is not serious. What would seem serious to me is

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if someone said that he is not against the designated senators. But that is not going to happen.

Public Sector Workers Reach Wage Agreement

95SM0076B Santiago LA NACION in Spanish 15 Nov 94 p 20

[Article by Patricio Peralta]

[FBIS Translated Text] After lengthy meetings interrupted more than once by lack of agreement, the government—represented by the Ministries of Finance and Labor—the CUT [United Workers Confederation], and public sector and municipal workers organizations agreed on a 12.2 percent wage hike, to take effect on 1 December. This agreement will cover 480,000 workers, including the Armed Forces and the Police.

It was also agreed to give education vouchers to public employees payable in March 1995, in the amount of 10,000 pesos for each child from the ages of 5 to 18 who attends regular preschool, elementary, and middle school programs, and who is supported by his family.

It was further agreed to pay a Christmas bonus of 14,500 pesos for each public sector worker with a net [monthly] income equal to or less than 154,000 pesos, and 8,750 pesos for public sector employees with higher incomes.

The Christmas bonus will cover the same workers who received the Patriotic Holidays bonus last September.

In determining the size of the bonus, possible nontaxable compensation, like overtime and travel pay, will not be considered.

Under the agreement, there are also plans to design during 1995 a civil service performance incentive for public sector and municipal workers, which will take effect starting in 1996. During this period sectorial consultations, which are needed for the proper application of this incentive, will be held.

The government and the union organizations—CUT, ANEF [National Association of Government Employees], Fenats [National Federation of Health Workers], the College of Teachers, and the Association of Municipal Workers—agreed to substantially increase the resources allocated for training in this labor sector, in order to improve both the quantity and quality of training.

For that purpose, the government has pledged to increase the resources allocated for financing training until these resources amount to 1 percent of the taxable compensation of government employees.

The operation of the present training system will be reviewed jointly, within a period not to exceed four months, using criteria similar to those in the reform bill for the Training and Employment Statute.

Finance Minister Eduardo Aninat emphasized that in order to reaffirm the importance of dialogue in public sector labor matters, a regular annual study procedure has been established to work out future agreements on matters related to wage readjustments.

This procedure will serve as the formal mechanism which the government and workers will recognize as the official means for conducting consultations, negotiation, and seeking agreement on a national level.

Labor Union To Break Relations With Government

PY2012233394 Santiago LA TERCERA DE LA HORA in Spanish 8 Dec 94 p 8

[FBIS Translated Text] The United Workers Confederation (CUT) has decided to break relations with the government by suspending its representative participation in the working commission on economicissues as a sign of protest against "individualism within government actions."

In a 5-page message addressed to President Eduardo Frei, which was delivered to the Situation Room at La Moneda Palace, CUT President Manuel Bustos and CUT Secretary General Guillermo Cortes justified the decision, pointing out that the executive committee "decided to suspend the participation of all CUT members at the sessions of the commissions for economic issues, which are held with businessmen and government representatives, that is, the Free Trade Agreement with the United States and the Productive Development Forum."

The message says: "It should be pointed out that the recent attempt by the labor sector to contribute to society has not been acknowledged, which up until now the scheme of a society that grants excessive importance to economic aspects has been adopted, which is characterized by individualism and exalts profits without considering solidarity and participation."

Bustos believes the government is not interested in national problems. He states: "What concerns us most is that the government does not show permanent concern over the country as a whole, it does not seek both a macroeconomic balance and a social balance."

He adds: "Quite the contrary, we sense the lack of a clear political will to fully and without delay confront social injustices within our sector, like the urgent implementation of a labor reform. To acknowledge the workers problems is another matter."

In the letter, the CUT says its decision to break relations with the government is based on nine issues.

The CUT complains: "Unfortunately, we have not had an answer from businessmen even though the government immediately reacts and acknowledges issues of interest to the businessmen while it does not heed workers' demands as expeditiously."

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As for Chile's stance on NAFTA, the CUT states: "We do not want formal participation in legitimizing an economic policy that upholds social injustice, that does not adequately combine growth and development with participation and solidarity, that does not set solid grounds for the country's growth, and that maintains a regressive distribution of wealth."

Labor Minister Jorge Arrate said the CUT decision to stop participating in the government commissions and its objection to Chile joining NAFTA—together with the United States, Canada, and Mexico—is a prerogative of the autonomy that the labor organizations enjoy by law.

Arrate said everyone knows the CUT is not against increasing trade with the United States, but it believes the best path for this is through a bilateral agreement. He said their leaders do not realize Chile fully abides by the labor and environment laws and regulations mentioned in NAFTA annexes. This means there is no danger that national laws will not be respected within to this international trade agreement.

Codelco Development Strategy Announced

95SM0077A Santiago LA NACION in Spanish 5 Nov 94 p 2

[FBIS Translated Text] Sitting there next to each other, sharing the dais and yielding the floor back and forth, Finance Minister Eduardo Aninat and Copper Corporation (Codelco) Executive President Juan Villarzu seemed as if they had always agreed on what should be done with the corporation.

To reach that point yesterday, a great deal of water had to pass under the bridge. Both of them spent days at a time trying to resolve a controversy that sometimes seemed sterile. In the end, it took President Frei to make peace by forging a solution in which there were no winners or losers and in which Villarzu and Aninat each gave up something.

The fact is that yesterday, details of the official policy on the state mining sector were announced and reiterated. They are contained in the document "Codelco: Development and Financing Strategy," which Mining Minister Benjamin Teplizky read. Sources say it had been his job to "bring the two sides together."

This document is also aimed at appeasing the privatization urges that surfaced within the Coalition [of Parties for Democracy] when the conflict arose between Finance and Codelco, and at soothing miners, who a short time ago were using phrases like "setting the country on fire" to describe what they would do if they did not like this or that.

Money with Reservations

It was clear that Codelco will have fresh money to develop new investments until 1999, but use of the money will be contingent upon three conditions:

- 100 percent of the profits projected for each year must be turned over to the Treasury;

There must be adherence to the cost-cutting agreement worked out between Codelco and Finance, which calls for a minimum price of US$0.10 per pound of copper produced between 1994 and 1999, at 1993 constant prices; and

Cochilco and the Planning and Coordination Ministry (Mideplan) must approve the new projects.

Given this state of affairs, as of yesterday Codelco stopped talking officially about US$2.7 billion as the minimum necessary for investments through 1999. Villarzu had proposed that figure three months ago, but Aninat had opposed hasty authorization of it. Now they know that they must earn these funds year after year by significantly boosting productivity.

The government emphasized other issues:

- Chuquicamata, Salvador, Andina, and El Teniente, as well as their replacement deposits, will be mined as state enterprises.

Codelco will establish new mining companies in partnership with private capital.

The Radomiro Tomic Mine will be developed as a new division of production. Plans call for this mine to begin production by mid-1995.

The decision to privatize the Tocopilla Thermoelectric Plant stands. Codelco will retain at least 34 percent, and the workers of Tocopilla will be given first refusal on an undetermined percentage, followed by other Codelco personnel.

The government will withdraw the bill to modernize the Codelco legislation, the article providing for the conversion of the Tocopilla and Talleres de Rancagua divisions into corporations. Thus, decisions about their future will remain in the administration's hands.

The bill will be processed by Congress as regular priority legislation.

Each Man's Visions

When he gave his interpretation of the agreements, Aninat could not hide the fact that "we are particularly pleased with the whereas clauses (...), which provide safeguards for the transfer of profits to the Treasury, and especially the compromise between Codelco and Finance to cut costs, with an established floor."

Aninat stated that requiring cost cutting as a condition for obtaining new funding protects against likely short-term situations. He described this preventive measure as "something that is only logical."

Villarzu, on the other hand, was asked what happened to the US$2.7 billion that he had always talked about. "The figures will keep changing as a function of the conditions

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that arise; there is no magic number (...). Codelco will work with a medium-term base program," he asserted.

Does that mean that the US$2.7 billion has been maintained? "There are no figures," he replied quickly, (Aninat and Teplizky could be heard in the background saying, "There are no figures"). "The amount you are talking about has not been confirmed at any point; that is a matter that the Codelco Board of Directors will have to address."

According to Villarzu, the Codelco Board of Directors will study a proposal to that effect now that the "strategic criteria" have been defined. He added that the administration's proposal for aggregate figures "in gross terms" is being adjusted to reflect the provisions of the commitments entered into yesterday.

Colombia

Background to Rural Security Proposal Viewed

95CA0068A Santa Fe de Bogota SEMANA in Spanish 6 Dec 94 pp 38-50

[Unattributed article: "Time To Become Armed?"]

[FBIS Translated Text] "The interpretation that there are two lines in the government, one hard and one soft, is totally erroneous": never before had a statement from President Ernesto Samper Pizano proven so difficult to believe. A few hours earlier, his two most representative ministers, Government Minister Horacio Serpa and Defense Minister Fernando Botero, had held a public dispute stemming from the latter's proposal for the creation of security cooperatives in the rural areas. For that reason, the president's declaration, made to reporters after the inauguration of the coffee growers congress on Monday, 28 November, did not convince anyone. Evidence of this is the fact that, on that very night, Samper was forced to call both ministers to the palace for a dinner, at which he harshly reprimanded them, urging them to lower the tone of the debate and to seek a dignified solution to the impasse.

But the damage had already been done. Although among the ordinary citizens, tired of so much insecurity, the proposal for the cooperatives appears to have been well received (see poll), and the agrarian sector unions support it fully, a heavy storm of criticism came from political leaders and columnists. "Minister Botero has erased what was written by the High Commissioner for Peace," claimed ex-President Misael Pastrana. "We shall emerge from violence to enter into anarchy," asserted ex-Foreign Minister Alfredo Vasquez Carrizosa. "Minister Botero (...) is ruthlessly defending his oligarchy," wrote Jorge Child. "The proposal is extremely dangerous," judged criminal lawyer Antonio Jose Cancino. "The government lacks internal cohesion," maintained Enrique Santos Calderon.

The latter comment by the columnist from the newspaper EL TIEMPO pointed out the only thing that at times appears more severe than the debate on the proposal itself: the level reached by the conflict between Serpa and Botero, which stopped several years ago, when the two became, respectively, the left and right wings of the Samperist movement.

The most recent round in the dispute, concerning the security cooperatives, began some months ago when, a few weeks after the government's initiation, the president received a delegation of livestock raisers at Narino House. The meeting started on a rather sour note because, at the outset, the cattlemen attempted to take the bull by the horns and bring up the tragic situation that they are undergoing, marked by a considerable increase in extortions and threats, and by over 400 kidnappings (now, three months later, the number has reached 430). The cattlemen also asked several questions prompted by the concerns being evoked among them, in this regard, by the announced peace process.

Finally, the visitors proposed to their host that, in view of the state's inability to defend them, the government should study the possibility of allowing them to form security groups that would act in cooperation with the public force. During the meeting, the livestock raisers mentioned some guidelines issued months earlier by the Gaviria administration, calling for the creation and regulation of security departments and cooperatives. Impacted by the bluntness of the cattlemen's statement, and aware that he had to give them some hope, Samper responded that the government would immediately begin analyzing those options. Hours later, he informed Minister Botero of what had happened, and the latter promised to study the idea.

A Perfect Fit

To Minister Botero, who has always been rather close to the right, the subject was nothing new. In fact, his graduate thesis was titled "Contemporary Peasant Organizations in Colombia." In this connection, he claimed that he himself, on his estate in El Carmen de Apicala, Cundinamarca (a region with some tradition of the presence of guerrillas and common crime), had taken part in the creation of a security committee comprised of the area's land owners. That committee operated primarily on the basis of a relatively modern radio communications network, and close collaboration with the Army.

In any event, a few days before Samper's inauguration, when Botero was appointed the new defense minister, he invited to Bogota Hernan Garrido, a Peruvian who had advised President Fujimori on the creation of the Rondas Campesinas [campesino patrols]. These were the self-defense groups in the neighboring country that were so important in the battle against Shining Path. Garrido and Botero had met at Harvard during 1980, when both were studying in their respective special fields, and became good friends.

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Thanks to Garrido's mediation, Botero managed to arrange a visit to Colombia by General Nicolas De Bari Hermoza, commander in chief of the Military Forces of Peru. The latter was responsible for implementing the policy relating to the Rondas Campesinas. According to a source from the Defense Ministry, "Hermoza's visit was essential for lending a definitive shape to some of the ideas that we had been exploring." Finally, in mid-November, and with the aid of some of his advisers (particularly that of Vice-Minister Luis Guillermo Velez), Botero began drafting the first documents, with the intention of publicly introducing a complete proposal at the beginning of next year.

But events occurred rapidly. In the middle of the week before last, the congress of the National Cattlemen's Federation was held in Cartagena. At the outset, it became obvious that the forum was assuming an especially anti-government tone. The livestock raisers were in open rebellion, because of the steady rise in the insecurity indexes in the rural areas. Their position against the administration became exacerbated when the rumor circulated that Samper had refused the invitation to bring the forum to a close, because he was going to visit Pasto, to attend the wedding of the ex-guerrilla fighter and mayor-elect of that city, Antonio Navarro Wolf.

To replace Samper, the government appointed Botero to preside over the closing the congress. On Thursday, 24 November, on the eve of his trip to Cartagena to keep that commitment, Botero learned how inflamed the cattlemen's mood was, and realized that, if he did not find some magic solution, he would have to put up with hotheads. At the end of the day, he contacted Samper by telephone and agreed with him that it would be useful to outline some ideas on rural security cooperatives. The president and minister agreed that the proposal would not only give the livestock raisers some hope of a solution, but would also be the response that they themselves had proposed three months earlier at Narino House. As a result, on Friday, Botero presented the proposal to the cattlemen, defining the cooperatives as "private security agencies with oversight by the state."

But, although Botero had taken months to concoct the idea, the proposal proved to be a total surprise to the government minister, Horacio Serpa. Serpa assumed that Botero had acted without the president's blessing, because he had accompanied Samper to Pasto while Botero was speaking in Cartagena, and the chief executive said nothing to him about the proposal. A high-ranking source at Narino House told SEMANA: "The truth is that the president authorized Botero to say that the idea of the cooperatives was being studied, and the minister went much further, depicting them as a government decision." According to the same source: "The proof that Samper never thought that Botero would announce the matter as a decision is that he didn't even mention the subject to Serpa while they were flying to Pasto together."

Whatever the explanation for such a misunderstanding, one that caused many to recall the times of serious lack of inter-ministerial coordination in Virgilio Barco's government, the fact is that, on Saturday, upon seeing the newspaper headlines quoting Botero's speech, Serpa's Santander temperament erupted. When queried by a reporter from EL TIEMPO, he shot off two cutting remarks. The first made it clear that neither he nor the high commissioner for peace, Carlos Holmes Trujillo, agreed with the proposal. Furthermore, on the contrary, they would continue working "for the country's security and peace," as if implying that Botero was not doing so. The second was more direct: "In general, I think that Colombians are more interested in disarmament."

At times, the dispute promised to become a brawl. Therefore, Samper decided to sever the tangle of discord with a single blow. Using a solution typical of his conciliatory style, the president publicly supported Botero, but explained that the proposal for the cooperatives was in an evaluation phase for the present.

Proposal Aborted?

As usually occurs in Colombia, most of the people who have expressed an opinion on the subject are not thoroughly familiar with the proposal. Even many of the high-ranking government officials who should be concerned with such matters do not know the concrete terms and scope of the plan for rural security cooperatives. It is something that appears to be in a far more developed phase than had been thought at first (see box).

In any case, the proposal is less complex than it seems. According to the Defense Ministry, what the government is attempting with it is to arouse the civilian population's solidarity in the battle against subversion. The holder of the defense portfolio assured SEMANA: "No country in history has proven capable of surmounting the problem of rural crime with the Armed Forces' effort alone. Support from the organized civilian population is required."

All this sounds very positive, but it is no secret to anyone that Botero's proposal entails many risks. To begin with, very few Colombians have forgotten the nightmare into which the paramilitary groups in the Middle Magdalena, Cordoba, and Uraba became converted. During the second half of the last decade, at times they even caused as much trouble as the guerrillas themselves. Although several years have elapsed, the images of the massacres on the Honduras and La Negra farms in Uraba, on the site of Mejor Esquina in Cordoba, and especially that of the judicial officials at La Rochela in Middle Magdalena, are still vivid. At that time, it became obvious that, as occurred in "Frankenstein," the paramilitary groups had turned against their own creator.

In fact, the groups that committed the crimes had been created during the implementation of a government decree putting them under the state's presumed oversight. However, after being penetrated by the Medellin

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Cartel, whose members, during the last decade, became major land purchasers precisely where no one wanted to invest because of the guerrilla activity, they were transformed into dreadful machines of death. Rather than fighting the guerrillas, these groups devoted their efforts to protecting the drug traffickers' interests. They even went so far as to become closely linked with the training of the mercenary commando groups that committed some of the major assassinations of prominent figures, including that of Luis Carlos Galan.

The memory of the narco-paramilitary nightmare is so intense that many are opposed to Botero's proposal solely because they think that no idea, however well-intended, deserves to take the risk of reviving this monster. Around the term "self-defense" a taboo as great as that existing for the word "auxiliaries" has been constructed. But we must admit that, just as not all auxiliaries are bad, since not all of them steal, it should also be explained that, just because self-defense groups have drifted into narco-paramilitarism in the past, every security group comprised of civilians is not destined to do the same. With respect to this point, what is appropriate, rather than flatly rejecting the idea, is to devote as much effort to devising the systems for controlling the cooperatives as in setting them up.

As for controls, the subject has been studied for some time, because Rafael Pardo, Botero's predecessor in the ministry, had assigned some of his advisers to come up with ideas and to design proposals for the participation of civilians in the anti-subversive battle. On the one hand, a previous government decree established the framework for the operation of groups like the cooperatives proposed by Botero. To control those organizations, as well as the group of private surveillance companies, the same decree created a Superintendency for Private Control and Surveillance, which did not exist when the self-defense groups became violent during the last decade. The reinforcement of that Superintendency, from both a budgetary and an operational standpoint, is urgently needed, as is the definition of certain concrete features of the proposal. In which territorial area will each of the cooperatives operate, so that it will be easier for the public force not only to cooperate with them, but also to prevent their becoming violent in their action? What controls will be exercised by the authorities over the weapons to be used by the members of the cooperatives? What kind of inspection will the communities carry out in the cooperatives' operating zones?

Whatever effort is made to answer these questions will be too little, because there are many fears that must be allayed. But, although the consequences that still remain from the paramilitary phenomenon are quite deep-seated, the insecurity problems being experienced in Colombia's rural areas are no less so. Despite all the efforts expended, with a larger investment in security and defense, with increased manpower, with mobile brigades, with the allocation of more funds for the purchase of information and intelligence, and with the purchase of helicopters and weaponry, the fact is that, instead of improving, the situation has worsened. So much so that it is no exaggeration to say that, at present, it is worse than ever. Hence, there is a widespread conviction among all those who have any connection with the agricultural-livestock production sectors that the current system simply does not work.

Another argument put forth by the cooperatives' critics against the idea is that it is untimely, because it coincides with the occasion when some admit progress in the peace process on which the Samper government has been working. However, this notion of considering it inconsistent that, at a time when dialogues with the guerrillas are being proposed, systems should be devised to intensify the repression of subversion is more of a sensational ploy than a valid argument. Some time ago, Colombian society learned the lesson that the only way in which the guerrilla groups will truly become committed to a process of abandoning the armed struggle is for them to receive military strikes at the same time, as occurred with the M-19 [19 April Movement] in 1989, and with the EPL [Popular Liberation Army] in 1990.

Proof of the foregoing is that if the government, through the mediation of the High Commissioner for Peace, has insisted that dialogue can be held amid gunfire, it is, among other things, because it refuses to preclude the possibility of pressuring the guerrillas in the bush, in order to soften their delegates at the table.

On the other hand, the critics of the cooperatives proposal have insisted that it is a big mistake to arm civilians so that they may cooperate with the public force in a task that should be the latter's exclusive responsibility. The ironic part of it is that those same critics have repeated on many occasions that, if anything is wrong with the security policy, it is that there is no cooperation between the public force and the community. Toppling this wall between civilians and those in uniform is precisely one of the goals of Botero's proposal. Hence, this argument against the proposal cannot be accepted either.

Another rationale in favor of the idea is that, considering the deteriorating situation in the rural zones, groups of armed civilians are already proliferating; and, thus far, without any state control. As Minister Botero told SEMANA: "In view of the serious deterioration in the state of public order in the rural areas, and the difficulties faced by the public force, the phenomenon being observed is the explosive growth of self-defense groups created outside the law. Under these conditions, the dilemma for the country is not between having or not having rural security cooperatives. The real dilemma is between having cooperatives under the state's surveillance or having an uncontrolled development of paramilitary and self-defense groups created outside the law. In other words, these institutions are created one way or another: either they are established institutionally with the state's mediation, or they are created outside the law. And I, definitely, prefer the former."

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In any event, apart from the debate on its content (a debate that will surely last a long time), the proposal has proven quite popular, as shown by the first polls. According to attorneys Patricia Bulla and Maria Victoria Llorente, consultants for the firm Security and Protection and ex-advisers to the Defense Ministry, "The acceptance of the measure for the cooperatives shows that the citizens are finally realizing that the security efforts cannot be confined to the public force exclusively. The government should take advantage of this enthusiasm which, at the same time, should be guided cautiously, and should respond to an overall policy and not to apparently isolated proposals."

For this very reason, it is regrettable that the government has made so many mistakes on the occasion of introducing the idea. The impression left among the people is that, rather than an attempt to combine the offers for dialogue with the intensification of repression, what exists in the Samper administration is two political lines: one hard and one soft, which, instead of complementing each other, are strongly opposed. Furthermore, the serious part of the confrontation held by Botero and Serpa on the issue of the cooperatives is that it does not seem to be the only conflict between the ministers (see box). And, obviously, this type of friction is immensely damaging to the government's policies, because it forces the president, instead of seeking support from the national public, to attempt to obtain it from his own ministers.

Hence, with the wounds still open from the sword-fight between the government and defense ministers, the president decided, just after his return from Mexico last Friday, to meet with them in order to plan the holding of a Security Council session this week. Its discussions are intended to serve as a basis for the drafting of a document that will put the cooperatives proposal in black and white. The holding of this Security Council session is important, not only because of the subject, but also the fact that Samper has personally presided over only two of these sessions during his four months in Narino House. This appears to be precisely one of the reasons for so much lack of coordination.

Let us hope that Samper's return to the pilot's station in these matters will make it possible to save the idea of the cooperatives from the firing squad to which some have subjected it during the past few days. It seemed doomed to that last week, because of the government's inability to present a united front. The proposal may not be perfect. In fact, it does not cease to be unfortunate that a state must resort to arming its citizens in order to defend them from their internal enemies. However, the situation that has been reached in Colombia is so serious that proposals such as that for the cooperatives, besides being good, have become necessary. Since the present situation is so tragic, regardless of how bad the idea of the cooperatives may appear to some, it can hardly be considered worse than what exists. And, for that very reason, despite everything and whatever controls must be applied, it is worthwhile making the effort. As the Spanish foreign minister, Francisco Fernandez Ordonez, once remarked: "We statesmen can never afford the luxury of choosing between good and bad. We get by choosing between bad and worse."

[Box, p 48]

How the Devil Will the Cooperatives Operate?

The Defense Ministry explained to SEMANA the principal points of the Botero proposal.

- The rural security cooperatives will be distinctly defensive. They will not act as attack groups, but rather will be prepared to repel the action of the guerrilla groups.

They will play a key role in setting up a complex intelligence network that will enable the Army to plan and carry out operations against the insurgent groups.

They will be covered by Article 42 of the Statute on Private Surveillance and Security, which stipulates that this service is an organization of the community, aimed at providing surveillance and security to its members, within the area where the respective community is established.

Its radius for action will be limited to a zone previously established and controlled by the Army.

The cooperatives will consist of persons who have no criminal records, and the selection to form these citizens' committees will be the responsibility of the Army. The training and qualification of the members will be the responsibility of the local battalions. The employees of the cooperatives will receive a monthly salary. They will wear uniforms and badges making it possible to identify them, and they may move about freely in the assigned zone.

They will be under the control of the Superintendency of Private Surveillance and Security, attached to the Defense Ministry, whose basic function is to monitor, regulate, and finance the private surveillance and security services operating in the country.

The Defense Minister requested an addition to the budget from the Finance Ministry, so as to be able to finance the rural security cooperatives. If the addition is not approved, it will allocate 5 percent of the Ministry's funds to reinforce the Superintendency, which will be the entity supporting the cooperatives.

The equipment that they use and the facilities in which they operate will receive prior approval from the Superintendency, which also will be authorized to monitor the behavior of the cooperative members.

They will use weapons for the Army's exclusive use, so that the authorities may exercise control over them. The Defense Ministry will keep a detailed list of each of the weapons supplied to the members of the cooperatives.

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The Superintendency of Surveillance will receive reports on the use made of the assigned weaponry by the cooperatives, and will be authorized to confiscate it. As a guarantee of coverage for possible damage to third parties in the use of weapons, each cooperative must underwrite a civil liability policy for a sum no less than 250 legal monthly minimum wages.

Initially, five cooperatives will operate in the country, in locations where there is a confluence of drug trafficking, guerrillas, paramilitary groups, and common criminals. This first experimental phase will last six months. If it works, the next phase will be carried out in another 50 of the country's municipalities, and will have a test period of a year. Later, the system will be extended to 200 more municipalities. The fourth and final phase will include 500 municipalities, and will be carried out during the final year of President Samper's government.

[Box, p 50]

Do You Have a Favorable or Unfavorable Opinion of the Rural Security Cooperatives Proposed by the Defense Minister?

Favorable	78
Unfavorable	16
Different Response	6

Telephone poll by the National Consulting Center, with 500 adult persons in the country's four major cities, on 29-30 November 1994.

[Reaction to Proposal]

Ernesto Samper, President of the Republic: "The interpretation that there are two lines in the government, one hard and one soft, is totally erroneous."

Horacio Serpa Uribe, Government Minister: "Colombians are more interested in disarmament than in anything else."

Fernando Botero Zea, Defense Minister: "The cooperatives are security agencies under the state's strict surveillance."

Misael Pastrana Borrero, ex-President of the Republic: "The Defense Minister has suddenly erased what the High Commissioner, Carlos Holmes Trujillo, wrote in austere republican calligraphy."

Jorge Visbal Martelo, President of the National Federation of Cattlemen: "The cooperatives endorse our right to legitimate defense. Let us hope that the government calls upon us soon to reach agreement on these matters."

Cesar de Hart, President of the Association of Colombian Farmers: "We are in total agreement with the government. The proposal is consistent with the State's inability to provide security to Colombian producers."

Monsignor Alberto Giraldo Jaramillo, Archbishop of Popayan: "What difference will there be between these cooperatives and the self-defense groups which, as we have found them, are unacceptable?"

Jaime Betancur Cuartas, State Councillor: "The danger is that weapons in the hands of private individuals may soon turn them into self-defense groups which, because they lack proper control, may escape from the government's hands and cause more harm than what we are trying to remedy."

Orlando Vasquez Velasquez, Attorney General of the Nation: "In principle, arming the civilian population is dangerous; that could lead to excesses and violence."

Maria Jimena Duzan, columnist for EL ESPECTADOR: "Either the disarming of the civilian population is proposed, or recognition is given for the right (of everyone) to arm self-defense groups. Either complete peace is proposed, or there is insistence on militarizing the national security policy, as our General Botero has proposed."

Alfredo Vasquez Carrizosa, ex-Foreign Minister and columnist for EL ESPECTADOR: "With such measures, we shall emerge from violence to enter into anarchy."

Juan Guillermo Angel, President of the Congress: "I am an advocate of the measure, because it allows the tranquillity that has been disturbed by the various violent phenomena to return to the rural area."

Enrique Santos Calderon, columnist for EL TIEMPO: "The government obviously needs more internal cohesion. And if, as the president has explained, the pivotal points of his peace policy involve the High Commissioner, the Prosecutor's Office, and the Ministry of Government, it would have been logical to have held a previous airing of the proposals for the cooperatives on those levels."

Jorge Child, columnist for EL ESPECTADOR: "Minister Botero seems to be afraid of a threatened petit-bourgeois, and devoting himself to ruthlessly defending his oligarchy, like any upstart."

Carlos Alonso Lucio, ex-guerrilla fighter and Representative in the Chamber: "The proposal is excellent. Any state has the right to request the citizens' solidarity when it comes to security."

Francisco Galan, leader of the ELN [Army of National Liberation], under arrest: "The government made an unacceptable shift, and assumed a war-mongering position, because it is institutionalizing the self-defense groups."

Antonio Jose Cancino, criminal lawyer: "The proposal is extremely dangerous. The country is paralyzed with that proposition."

Ecuador

Residents Along Putumayo Claim Human Rights Abuses

95P20283

[FBIS Media Note] Quito daily HOY reports in its BLANCO Y NEGRO supplement on November 6 that

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in December 1993 the Revolutionary Armed Forces of Colombia (FARC) attacked an Ecuadoran military/police river patrol conducting counternarcotics operations on the Putumayo River, which serves as the border between Colombia and Ecuador. Thirteen Ecuadoran soldiers and police were reportedly killed.

Eleven of the 30 captured (including 10 Colombians) were accused of being members of the FARC group responsible for the attack and were transported to Quito jails. Four have subsequently been released.

Since then the area has been under strict military control and the inhabitants of the region are "paying the price." Reporters, sent by HOY, traversed the area they termed "the triangle of fear" between Nueva Loja (Lago Agrio) and Puerto El Carmen de Putumayo in Ecuador and Puerto Asis in Colombia, gathering testimony from Colombians and Ecuadoreans who live on both sides of the border. Their report, published in the newspaper's 6 November Sunday supplement, BLANCO Y NEGRO, contains allegations of human rights abuses by Ecuadoran military authorities and the inhabitants' version of the December 1993 clash.

The Economy

Over 120,000 farmers live along the Colombian-Ecuadoran banks of the Putumayo and San Miguel Rivers, wrote BLANCO Y NEGRO. FARC controls the Colombian side—300 km of river bank from Puerto Asis to Legisamo totalling 150,000 hectares—for the cultivation and processing of coca. On the Ecuadoran side, military control is so effective that there is "not a single coca plant in sight." "Thousands" of Colombian peasants have been living on the Ecuadoran side for many years as illegal aliens and many Ecuadoreans "cross the river" to work as day laborers on the coca plantations. By harvesting coca they can earn 17,000 sucres (2,300 sucres=$1) a day as opposed to 10,000 sucres for other crops. A good worker can harvest 250-300 lbs. a day . Manufacturing coca paste also pays well: 100,000 Colombian pesos nightly (about 830 pesos=$1).

Harassment by Military

Harassment by the Ecuadoran military has increased since the FARC attack, inhabitants of the area told the BLANCO Y NEGRO journalists. Farmers from Pena Colorada, Ecuador, the site of the ambush, have been most particularly victimized, subjected to arbitrary arrests, confiscation of money and goods, physical mistreatment, and sniping at people and property. They told the reporters that they prefer to live on the Colombian side "for safety's sake." Inhabitants also complained that trade has suf fered because every Colombian who attempts to cross the river to engage in commercial activity in Puerto El Carmen is now suspect. Navigation is permitted until 1830 after which all boats, be they Ecuadoran or Colombian, are required to submit to a search by the Ecuadoran Army's 55th Jungle Battalion stationed in Puerto El Carmen. Colombian farmers also "live in fear" of being on the Ecuadoran military's "40 most-wanted list," the existence of which is denied by Col. Hernan Fonseca, until recently 55th Battalion commander.

Detainees in Quito

According to BLANCO Y NEGRO reporters, the 11 accused "peasant guerrillas" detained in Quito jails confessed to having been involved in the attack on Ecuadoran soldiers and police. Human rights organizations and the Church claimed, however, that their confessions were made under torture, something vehemently denied by Ecuadoran Minister of Defense Jose Gallardo. The reporters were nevertheless given a 2,000-signature petition insisting on the detainees' innocence and demanding their release. Another document submitted to the paper by the Pena Colorada Community Action Group asserted that the accused are "humble farmers, innocent heads of households, native to the region," and alleged that the local villagers "have systematically been subjected to human rights abuses" from the Ecuadoran military for several years.

The Unofficial Version

According to the BLANCO Y NEGRO account, the government maintains that the December 1993 FARC attack on an Ecuadoran military-police river patrol was carried out under orders from drug traffickers. The villagers reportedly believe, however, that "the FARC attack occurred in reprisal for abuses committed by the (Ecuadoran) river patrols against farmers and merchants." According to area residents cited by BLANCO Y NEGRO, FARC undertook this action "either at the request of the farmers themselves, or of its own accord." This view was supported by a local priest who was quoted as saying that the riverine patrol units had been carrying out acts of "piracy against peaceful people" and not counternarcotics operations.

Interview with Defense Minister Jose Gallardo

Defense Minister Jose Gallardo said that the area in question was a drug trafficking and precursor chemical smuggling zone, with extensive coca cultivations and the presence of the FARC. Tough security measures were necessary in this region, he stressed to the reporters, to prevent the incursion of guerrillas into Ecuador and the cultivation of coca on Ecuadoran territory. The minister noted, however, that relations with Colombia have never been better. "Complete cooperation exsists between the two Armed Forces." The minister professed no knowledge of any report on alleged abuses by the Ecuadoran Armed Forces against Colombian peasants on Colombian territory. Gallardo insisted that "no Ecuadoran military operation has been carried out in Colombia." The minister said to BLANCO Y NEGRO interviewers that following the accusations by an officer in the Colombian Naval Infantry, an investigation was conducted of alleged abuses by military personnel, but

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investigators "were unable to find any evidence." Gallardo added that the Armed Forces were not involved in the trial of the accused "guerrillas." He concluded that if mistakes were made in that case, they were made in "good faith" and were not acts of cruelty.

Business Reacts to Common External Tariff

95SM0074B Guayaquil EL UNIVERSO in Spanish 29 Nov 94 p 5

[FBIS Translated Text] The Guayaquil Chambers of Production have stated that the Common External Tariff (CET), which is to enter into effect on 1 February 1995, will have a negative effect on all sectors in Ecuador. However, they expressed the hope that in Annexes 2 and 4 of the tariff the number of sensitive products will be increased.

The ministers plenipotentiary of the Cartagena Agreement Commission decided on 26 November to approve a schedule of tariffs of 5, 10, 15, and 20 percent in the overall tariff agreement which covers 6,201 categories of goods. They also agreed on the list of exceptions in Annexes 2 and 4.

Political Decision

Werner Moeller Freile, president of the Guayaquil Chamber of Industries, said that the decision to approve a common external agreement was political in nature. He considered that, from the technical point of view, it will not benefit any sector in Ecuador, including agriculture.

He stated that the only choice now, since the adoption of the tariff agreement, is to include a larger number of sensitive products in Annexes 2 and 4 (where the list of exceptions was set forth), "so that production will not decline and affect the development of the country."

Moeller Freile expressed his disagreement with the decision of the other Ecuadorean representatives in the area of free trade. He said: "They should have obtained the same treatment which Bolivia had." (Bolivia could maintain tariff levels of 5.0 and 10 percent.) He did not wish to comment further until he carefully analyzed the final document.

However, he indicated that he supported the entry into effect of a South American free trade zone, on an equitable basis and in terms of the reality which the economies of countries like Ecuador are going through.

Customs Union

For her part Joyce de Ginatta, president of the Guayaquil Chamber of Small Industries, stated that she does not agree with the entry into effect of the common external tariff. She said: "First, they should have approved a customs union to move forward. Then, after further study the cet would have come."

She said that, as the document was proposed, it will not benefit any sector. She admitted that: "Perhaps it will benefit agriculture a little. However, the important aspect is to emphasize the export of products with a high added value content and not only agricultural products."

Regarding the negotiations between the countries which are members of the Andean Pact, she stated that the only beneficiary is Peru. She said: "Peru was the star of the show, because it got what it wanted and imposed its conditions. We are becoming a country of slaves when we accept conditions from other nations."

Joyce de Ginatta indicated that the most important thing to do now is to look for niches for manufactured products. She said: "The goal should be to turn ourselves into a new Singapore or Taiwan. To do that, we have to invest in improving things and in obtaining raw materials at advantageous prices, plus the necessary machinery."

She added that at present it is necessary to find a market opening toward other countries so that the negative effect of the present, common external tariff will improve. She said: "There should be free trade throughout all of Latin America or in blocs. There should be conversations with Chile, Mexico, and the Caribbean nations."

Regarding trade relations with the GRAN (the Andean Group), she stated that since we legalized trade with Colombia which was previously illegal (smuggled goods), this has increased considerably, particularly Ecuadorian exports of crackers and candy.

Prudent Reception in the Mountains

Quito—Various business sectors in Ecuador gave a prudent reception to the approval of the common external tariff and the margins allowed for the prices of agricultural products.

Businessmen in Quito estimated that, to improve Ecuador's position on the common tariff, it will be necessary to reach bilateral agreements on several subsections, especially on capital goods not produced in the various countries and on the agricultural sector.

Industrialists Support the Common External Tariff

In the view of Gustavo Pinto Albornoz, president of the Chamber of Industrialists of Pichincha, the common external tariff was signed under conditions which are "generally acceptable, although we would have liked Annex 4 to be a little broader. However, for the sake of moving forward with the process of economic integration, we support the resolution approved by the minister of industries."

Marcony Rodriguez, president of the National Federation of Chambers of Small Industries, said that the decision of the Cartagena Agreement Commission is a positive move to carry forward the process of integration which was hampered by the lack of a common external tariff. However, he noted that the approval of the tariff

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makes the challenge to small and medium sized companies in Ecuador all the greater. They have to look at the job facing them with greater responsibility and imagination.

Oswaldo Jimenez Tacle, president of the Quito Agricultural Center, took a positive view of the approval of the common external tariff and particularly the price margins for the agricultural sector, which are adequate instruments for the defense of our producers and consumers against the instability of nature and price distortions.

Challenge and Risks

Pinto Albornoz, who closely followed the meeting of the Cartagena Agreement Commission held in Quito at the end of September, emphasized that the approval of the common external tariff "is a challenge and has its risks, because certain purchases made under the terms of the Andean Pact, particularly raw materials and manufactured goods, could increase in price. This could mean an increase in the cost of production. However, we businessmen are prepared to run that risk."

Marcony Rodriguez said that we still do not know which are the 50 subsections requested by Ecuador and which were not included in the list of exceptions (Annex 4). However, he said that we are aware that the metal and mechanical sector and other production lines had fundamental interests in this annex.

Regulation of Prices

Jimenez Tacle stated that the last minute discussion on tariff margins and the correction of various provisions made it impossible to comment with any clarity on the exceptions and postponements of application requested by Venezuela for yellow corn, pork, and powdered milk.

In welcoming the approval of this tariff, he said that it has as its principal objective stabilizing the import cost of the 13 products identified in the decision announced.

Paraguay

Dinar Leader Replaced

PY2112005594 Asuncion ABC COLOR in Spanish 17 Dec 94 p 64

[FBIS Translated Excerpt] General Jose Tomas Centurion, director of the National Antidrug Secretariat (Senad), yesterday removed Police Chief Superintendent Publio Fretes Fernandez, retired, as head of the National Narcotics Directorate (Dinar). High-ranking police sources reported that Superintendent Cesar Damian Aquino Gamarra is the new head of Dinar.

The sources reported that the new Senad staff announced that Superintendent Cesar Damian Aquino Gamarra had been appointed to replace Police Chief Superintendent Publio Fretes, who has headed Dinar since early January.

With this change, Gen. Centurion will attempt to breathe new life into the Senad leadership, bearing in mind that the antinarcotics struggle has virtually ceased in urban areas. Senad is in charge of drug enforcement.

Police Chief Superintendent Fretes Fernandez was Investigative Police Department head before becoming Dinar head. [passage omitted]

General Ocampos Interviewed on Disciplinary Arrest

PY2012211294 Asuncion ABC COLOR in Spanish 19 Dec 94 p 80

["Excerpts" of interview with Division General Pedro Concepcion Ocampos by unidentified reporter on 18 December; place not given]

[FBIS Translated Text] [ABC COLOR] Did the commander in chief pressure you during your detention, preventing you from talking to the press on the issue that caused your arrest?

[Ocampos] We were not pressured. We are conscious of our responsibilities as military officers, but our consciences are clean. We forgive those who made mistakes in this situation that was so painful for us..., but if it favors truer democracy it was worth it.

[ABC COLOR] Do you still maintain the stance that caused your arrest?

[Ocampos] We defended the institution. We have not slandered—at least, I have never slandered—the president. That is my position as a constitutionalist general. I repeat, I favor dignifying the Armed Forces, as it was said on that memorable night of 2 and 3 February 1989 [the coup that ousted General Stroessner from power]. I contributed with my grain of sand to the occasion, which in the end was not worth much. What saddened me most during my arrest was to see citizens and the Armed Forces supporting the president over our arrest, as if we were the worst kind of people. These things happen, but seeds must be planted before they can germinate. Our spirit is strong and we will be with the people. I hope the nation will overcome this situation. I think everybody has good intentions, from the president down, but hidden forces sometimes conspire against rulers' success.

[ABC COLOR] What kind of relations do you expect to have with your comrades and the Army commander from now on?

[Ocampos] We have paid the penalty imposed on us. I do not know if our comrades still remember it, or if they will be just. We have no worries and hope everything will return to normal. We will always be faithful and loyal defenders of the feelings of the people. We want justice to prevail here above everything else.

[ABC COLOR] Do you want to issue a message or some opinion?

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[Ocampos] The president is an illustrious man. He has very good intentions. Perhaps he stumbled on some obstacles, which happens in any government. I wish him and his family the best. I hope Paraguay will move toward a better destiny once and for all.

[ABC COLOR] There are divisions within the Armed Forces. Which forces are struggling for power?

[Ocampos] The Armed Forces do not have to struggle for power.

[ABC COLOR] But we feel there is a division within. Do you not perceive that division?

[Ocampos] Perhaps there are some traces because some officers want to presume or act like messianic leaders, but that is not good. The Armed Forces is an institution in which everyone must follow orders. It is totally vertical and, as such, we should never cause problems for the commander.

[ABC COLOR] Will you file any legal claim for what you consider your illegal detention?

[Ocampos] Of course it was illegal. Everything shows we were still on active duty. That is debatable because only a signature was needed to make our retirement official. It is as if I were to take a dead man for burial to a cemetery and be asked for a certificate to prove that the fellow is really dead. That was our case. The military court said we have been sent into retirement, without doubt. Signing the document could have taken another day or so. That is all.

Peru

SL 'Leaders' Urge Guzman To Publicly Order Surrender

PY1912231794 Lima EXPRESO in Spanish 3 Dec 94 p A28

[FBIS Translated Text] In a message broadcast on television last night, Shining Path [SL] leaders requested that President Alberto Fujimori's administration allow SL leader Abimael Guzman Reynoso to publicly surrender before domestic and foreign media and end the armed struggle.

Three hooded individuals who identified themselves as leaders of the SL Metropolitan Committee said that "the Peruvian people, nation, and society need to reach a peace agreement. This goal is in the government and the party's hands."

In another part of the message they stated that in order to make progress in this sense, "President Gonzalo [Abimael Guzman] must be presented publicly, alive, before local and foreign journalists, so that he can personally give the order, and so that doubts and misunderstandings of one sector of the party might end."

They also urged the SL militants to observe the "historic appeal for peace" the terrorist leader could make at any moment, and change their behavior in search of such an objective.

Regarding the opinion of some experts on the SL, who believe that the leadership is only trying to gain time, they said: "We maintain our decision to strive for a peace agreement, and urge the government to act in this same direction. We also urge businessmen, associations of professionals, and the Catholic Church to contribute to ending this war."

Shining Path Reorganization Puts Army on 'Maximum Alert'

PY1912204994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2322 GMT 18 Dec 94

[FBIS Translated Text] Lima, 18 Dec (AFP-NA)—A military spokesman today disclosed that the military barracks in the Ucayali and Huanuco jungle region, 600 km east of Lima, are in "a state of maximum alert" following recent terrorist attacks.

According to Navy intelligence service reports, there "are 300 to 400 terrorists" in Ucayali, among them several repentants, or terrorists who have benefited from the Repentance Law by which rebels who lay down arms, or have been tried or sentenced, may obtain their freedom in exchange for information that will help capture their comrades.

According to the information, Shining Path leaders are recruiting those who have repented, under threat of death, with the intention of reorganizing their dismantled cadres.

Moreover, military information from the central jungle region indicates that the terrorist group that ambushed an Army contingent on 14 December was the self-styled "Conquistador" SL group belonging to the Ucayali Front, which was impossible to dismantle during the "Aries" operation carried out in May.

The Upper Huallaga Political-Military Command also announced today that five soldiers reported missing during the aforementioned attack had been found by an Army patrol.

The same military sources also stated that the new operation, launched by the security forces "with the express purpose of disbanding" the mentioned reorganization, is headed by Colonel "Jano," who also conducted the "Aries" operation.

In addition some 200 Ashaninkas, natives of the central jungle region, escaped on 16 and 17 December from a SL camp "where they had been held captive," and sought refuge in the military barracks in the area of the Ene River in Satipo, Junin Province, 350 km east of here.

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Colombian Guerrillas Raid Three Border Towns

PY2012212794 Madrid EFE in Spanish 1720 GMT 20 Dec 94

[FBIS Translated Text] Lima, 20 Dec (EFE)—The Peruvian press reported today that a column of 200 guerrillas of the Revolutionary Armed Forces of Colombia (FARC) have attacked three Peruvian towns on the border with that country.

The subversive group's incursions were reported by the lieutenant governors of the localities of Carapana, Puerto Alegria, and Isla Yauma, according to reports reaching Iquitos, capital of the Peruvian Amazon region and located in the jungle department of Loreto, as are the affected towns.

The report states that the FARC guerrillas stole communications equipment and 12 boats in addition to looting stores and homes, from which they stole food.

According to press reports, the Colombian subversives' attacks on Peruvian territory took place last weekend. The reports add that this column intends to seize the towns of Santa Rosa and Caballococha.

The state news agency ANDINA reported on Monday that the Colombian guerrillas were seen marching over the region called the Amazon Trapezium with the objective of entering Peruvian territory, and that contingents of the Peruvian National Police have been deployed to the zone to zero in on them.

According to the report, the apparent intention of the FARC guerrillas is to establish an offensive base at a given point in the Peruvian jungle, in order to be able to attack Colombian Government forces from there.

The Peruvian town of Santa Rosa a few months ago was invaded by Colombian guerrillas, who then fired mortar shells on the Colombian town of Leticia, located across the border.

The reports add that there were up to three incursions by the FARC into Peruvian territory during the year.

'Terrorists' Kill One Policeman, Injure Another

PY2012212994 Madrid EFE in Spanish 1725 GMT 20 Dec 94

[FBIS Translated Text] Lima, 20 Dec (EFE)—One policeman died and another was wounded today when they were attacked by presumed terrorists who fired at them from a moving automobile. The two policemen were reading the headlines of Lima newspapers at a news stand at a place called "La Curva," in the Lima District of Chorrillos, when they were attacked.

A patrolman who came to their aid repelled the terrorists and in the shootout a taxi driver and his passenger were wounded.

As of today, and to provide security during the Christmas and New Year holidays, 40,000 police have been deployed throughout Peru.

Uruguay

Army Reportedly To Purchase Czech Personnel Carriers

PY2112001094 Montevideo EL OBSERVADOR ECONOMICO in Spanish 13 Dec 94 p 5

[FBIS Translated Text] Military sources have told EL OBSERVADOR ECONOMICO that this week the executive branch would authorize the Army to purchase 50 armored personnel carriers from the former Republic of Czechoslovakia.

They are amphibious mechanized vehicles that carry personnel. The new units will replace old tanks, some of which were made before World War II.

The sources indicated that the armored personnel carriers would be assigned to the Cavalry, whose equine units were transformed into mechanized units.

Army Commander-in-Chief Daniel Garcia gave the name of Leonardo Olivera to the 12th Infantry Battalion, headquartered in Rocha. [sentence as published] General Nestor Bertrin, General Raul Mermot, and General Fernando Amado were also present at the ceremony.

Army Weapons Purchases, U.S. Ties Examined

PY2112013094 Montevideo BUSQUEDA in Spanish 15 Dec 94 p 14

[Report by Gabriel Pereyra]

[FBIS Translated Excerpt] Relations between the Uruguayan and U.S. Armies, which have been strained and have gone through difficult times in the past two decades, are today moving along within the framework of the new complex world reality that emerged after the dissolution of the communist block.

The Uruguayan Army has started using its links with the U.S. Army in an effort to redefine its role in Uruguay and to take advantage of some of the existing "opportunities" in the arms market to modernize its equipment.

On Four Continents

On 12 December an Army officer arrived in South Korea to inspect some 5,000 first generation second-hand M-16 rifles that the United States had agreed to sell to the Uruguayan Army at the nominal price of $30 apiece. This U.S. "gesture," as well as the brief presence in Uruguay of Gordon Russell Sullivan, a four star general and U.S. Army chief of staff, on 10 December, was interpreted as having two purposes, according to military circles.

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The visit was considered a recognition of Uruguay's participation in 11 UN international peace missions, but also as a U.S. effort to prevent the Uruguayan Army from purchasing weapons used by former communist Warsaw Pact member countries.

On 13 December the government closed a deal with a colonel of the former Czechoslovak Army, who was representing a mixed company, and purchased 60 armored vehicles, half of them with 7.62 caliber machine guns, at a price 10 times cheaper than on the international market. The Army will use the vehicles to equip various Cavalry units and to make the transformation of the "equine units" a reality.

The first U.S. military missions sent to Uruguay at the end of World War II, when the North Americans and the Soviets were entering the "Cold War" and recognized each other's "areas of influence" and "ideological borders," are now far in the past. At that time communism was seen by most American armies as a threat against their nations. [passage omitted]

Haiti, a Complication

The Army agreed to participate in peace missions organized by the United Nations to deal with conflicts in different parts of the world. A total of 5,457 Uruguayan soldiers have participated in these missions, including 592 officers. Currently 10.2 percent of the Army's high-ranking officers and 5.1 percent of its subordinate personnel are out of the country, and we are preparing a contingent of 900 men to participate in a new mission in Angola.

The sources said that soldiers and officers bring back to the country over $20 million per year in salaries and per diem.

But the armies as such did not receive any payment. The military have unsuccessfully asked the United States to help them face these missions.

In February of 1994 Uruguay asked the Clinton administration, through the Foreign Ministry, for a "voluntary contribution" in armored vehicles. Another effort to the effect was made by General Julio Ruggiero, military attache in Washington. Some weeks ago a delegation of officers visiting New York to participate in a symposium on international peace missions insisted on the same request.

The United States expressed its willingness to cooperate in equipping an entire battalion—some $30 million, according to local military sources—only if Uruguay participated in the UN mission in Haiti.

A few months ago, and at the same time Argentina's border police started patrolling Port-au-Prince, the Uruguayan Government rejected the offer, reiterating its traditional policy of non-intervention. "If there was a chance of any help, the refusal to participate in Haiti buried it," said an Army officer, who like most of his comrades agreed with President Luis Alberto Lacalle's decision.

The Uruguayan Government also made clear that it would not participate in peace missions in Latin America, adding that it would join peace missions in the rest of the world only when all parties involved in the conflict express their willingness to end it.

In places such as Cambodia, Rwanda, Mozambique, and Angola, peace was broken temporarily on more than one occasion. So far seven Uruguayan soldiers have died in accidents or due to illness, one from a Khmer Rouge bullet in Cambodia, and one from a grenade thrown by Rwandan rebels.

Sullivan, a Hope

Army Commander-in-Chief General Daniel E. Garcia talked with General Sullivan about these issues during the American Armies Conference last year. The U.S. official arrived in Uruguay on 10 December. He was decorated with the Medal of Military Merit, and again met in private with Garcia. [passage omitted]

But Garcia, who, encouraged by Lacalle, was carrying out a deep reorganization of the Army, had to do something to fulfill his promise to equip the Cavalry with armored vehicles. U.S. materials were beyond Uruguay's economic possibilities, but the Army solved its problem with weapons used by one of the former Warsaw Pact armies.

The deal includes 60 Czech armored vehicles for the transport of troops, half of them with incorporated machine guns. The vehicles are second hand, but had been totally refurbished by the owners. They will cost $54,000 each. According to many sources, they usually cost more than $500,000 on the international market.

The Uruguayan Army, through the United Nations, received materials used by the army of communist Germany (GDR) including trucks, field hospitals, tents, and water purifiers.

A Uruguayan delegation is currently in Seoul inspecting the weapons that the United States has agreed to sell to our country: 5,000 M-16 rifles used by the United States in Vietnam between 1962 and 1973 to fight the Viet Kong communist guerrillas.

Military sources said that East European agents offered the Army Kalashnikov 74 (AK-74) assault rifles at low prices. This rifle is the last version of the famous AK-47, a Russian weapon traditionally used by the Soviet Army, by guerrilla groups in various parts of the world, and in their time by the Viet Kong.

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